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Foreign Commerce WEEKLY

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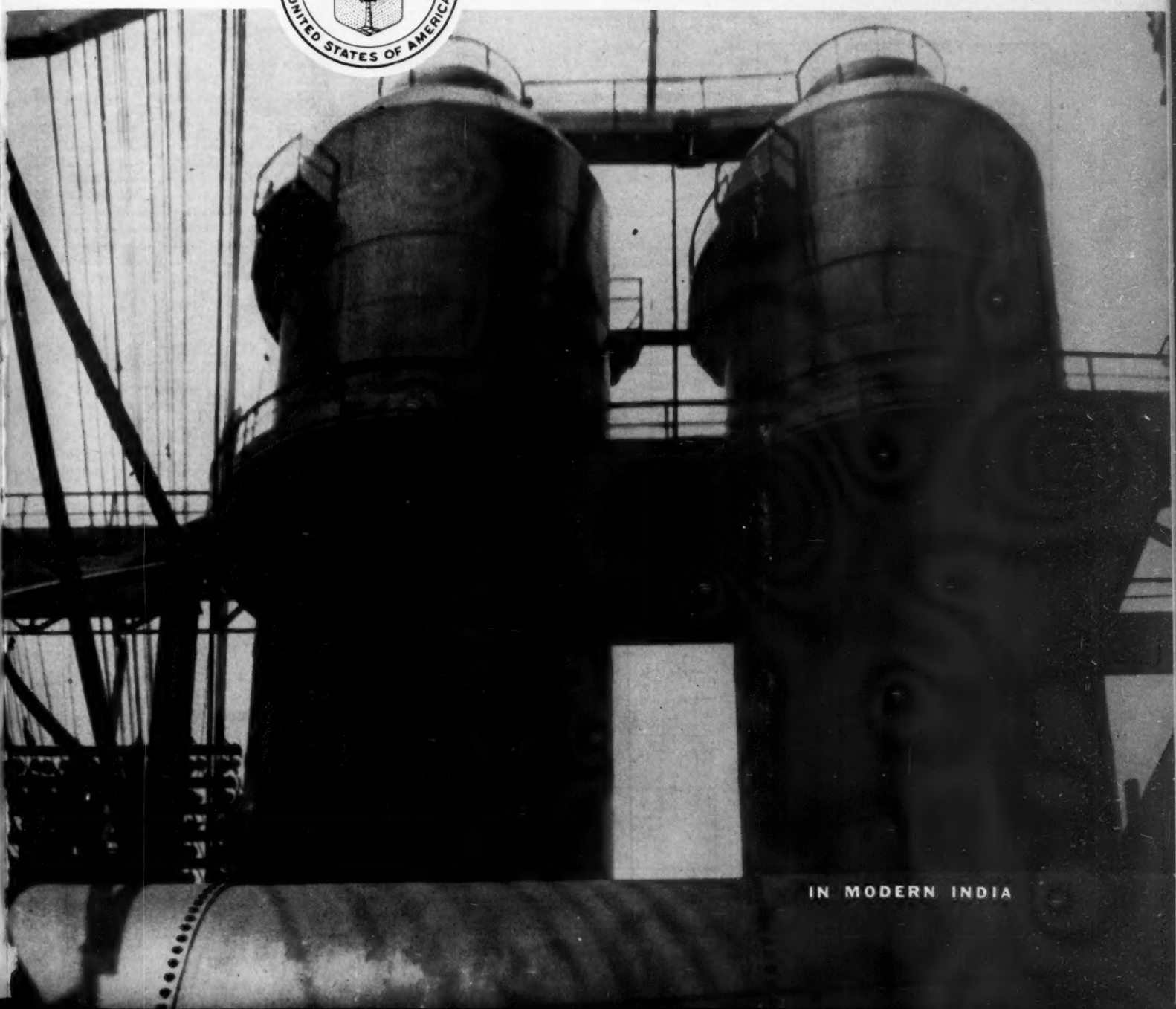
Vol. XX, *No.* 4 *July* 21, 1945



IN MODERN INDIA

Foreign Commerce Weekly

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Issued by the UNITED STATES DEPARTMENT OF COMMERCE, HENRY A. WALLACE, *Secretary*

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Annual Subscription: Domestic, $6.00; Foreign, $8.75; Single copy, 15 cents. Make remittances payable to the Superintendent of Documents and mail direct to that official, Government Printing Office, Washington 25, D. C.

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PUBLISHED WITH THE APPROVAL OF THE DIRECTOR OF THE BUDGET (42 J. C. P.)

INDIA in This Era of Transition

By CLAYTON LANE, *American Foreign Service Officer*

IT IS A COMMONPLACE that India is essentially a land of villages, of cultivators whose minds, habits, and aspirations are still conditioned chiefly by tradition and whose way of life has been firmly shaped and long held in the molds of history and religion. India's basic ways of life are among the oldest of any in the world today. To expect that they will readily be changed by plans made by economists, industrialists, or officials in Bombay, New Delhi, or elsewhere is unreasonable. It is nevertheless clear that there is a *new emphasis* in India which may in the next two decades produce some very substantial results, and perhaps a transition of much economic and social significance not only in Asia but for all the world. Thousands of Americans there now in our armed forces, as well as in our considerable civil activities, are observing these intimations with interest and good will.

There is an old saying in India that Delhi is far away. But today New Delhi and some of the Provincial capitals are drawing closer to the people of India than ever before through more extensive planning for their future welfare. The war has complicated these projects and must continue to delay even the initial steps of some of them. But the war has also stimulated some important and desirable changes in India's economy. It has certainly accelerated and intensified analysis by Indians of their own problems and aspirations. Some of these are political, but whatever the political transition in India may be the Government at New Delhi will no doubt increasingly seek to reduce India's poverty, to intensify and stabilize its agriculture, to expand its industries and communications, to improve the public health, and to provide the wider and more practical education on which so much of the progress in all other respects must depend. The effort and emphasis will probably increase with every passing year.

Tradition's Influence

It seems equally clear, however, that there may long be, as there are now, many people in India who disapprove of nearly every scheme advanced from any quarter for the greater welfare of all or some portion of the nearly 400,000,000 people of that vast subcontinent. The haste of the urban intellectual to emulate the industrial West is by no means shared in the villages, where the cultivators know that Mr. Gandhi deprecates and sometimes opposes the entire concept of progress through mechanical means more complex than a crude spinning wheel beside a mud hut.

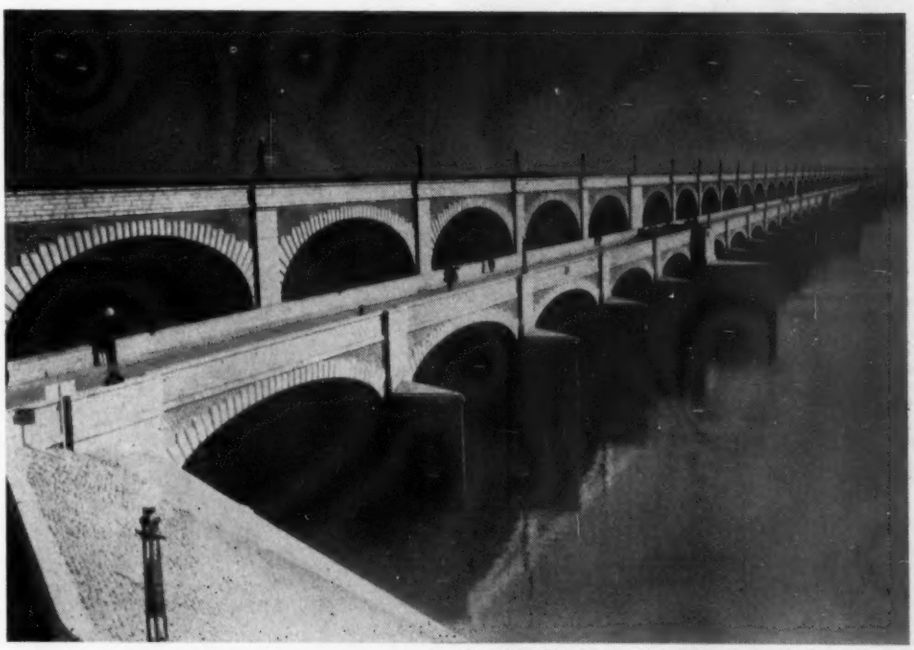
On the whole, however, the steady increase of planning by Government, both at the center and in the Provinces and some of the States, opposes or ignores the conservatism or mystical nostalgia of Indians who profess to believe that the old ways are best. Tradition and fatalistic inertia may remain serious deterrents, but there is an increasing prospect that some of those who try to "hustle the East" will not be found the fools Kipling used to say they are.

Substantial Plans Devised

India is now being hustled to a rather startling degree, on paper. The "Bombay Plan" and the publications of the Department of Planning and Development at New Delhi have been much discussed in India. The Bombay and Madras Presidencies and the Punjab, the United Provinces, and some other Provinces are also devising and publishing economic plans of much substance and promise. It will be necessary to integrate these and the plans of some of the States to avoid confusion in priorities for the equipment, materials, and staff required.

The chief controller of imports at New Delhi has released circulars designed to clarify the rules under which import licenses and foreign exchange will be made available both for public projects and for private trade. It seems likely that all the dollar exchange which can be obtained will be allocated for production goods and essential consumption goods before many nonessential imports are licensed.

This policy may sometimes delay resumption of imports of some American products brought into India in substantial volume before the war. Irrigation, hydroelectric projects, road and railway improvement and expansion, fertilizer plants, machinery for existing industries and for new ones urgently demanded throughout British India and in several



Courtesy Government of India Information Services

At the Sukkar Barrage—dam across the River Indus.

States, will inevitably take precedence over luxury goods and most consumer's-goods lines.

In placing this emphasis on production goods and essentials, the Government of India is not only following its own conception of the national interest but is also responding more than formerly to the insistence of Indian industrialists, editors, and economists that the country's industrial and agricultural development must be the first concern in import policy, despite the extreme scarcity of much consumer's merchandise.

Part Played by United States

As more and more of India's imports move out of lend-lease and mutual aid into commercial supply, this policy will become more apparent. It will also be clear that India will continue to obtain from the United Kingdom a large proportion of whatever must be imported. The huge sterling credits India has accumulated in London during the war represent a major portion of the country's purchasing power as well as the end of its foreign debt. The policy-makers of the Government of India recognize, however, that the United Kingdom may be unable to supply many urgently needed products as rapidly as they will be wanted, and some of them take it for granted that India must often seek these and many special products in the United States.

Manufacturers and private importers share this assumption, but some of the Government planners have appeared to understand better than Indian industrialists how difficult it may be to find in the United States some of the production-goods items they want. Many other countries need machinery and materials, and the reconversion of American industry will require much new equipment. Meanwhile, American manufacturers who cannot accept Indian orders are sometimes charged with indifference, while some who seek them are regarded in India as "economic imperialists." Many Indian manufacturers complain that American machinery prices are too high and are inclined to defer their orders in the optimistic expectation of lower prices.

Indian industry will be very widely preoccupied with military production until the war in Asia is finished. Import priorities may not soon include a very large proportion of goods not clearly required for the war effort or for maintenance of essential services and civilian requirements. Meanwhile, it would be unrealistic for American exporters of products not essential for these purposes to indulge extragavant ideas about the Indian market.

Extent of Opportunities

It would also be unwise to conclude that the Indian market will shortly after the end of the war present great opportunities for a multitude of American products. It seems likely than any government at New Delhi will be under enormous popular pressure, for decades to come, to minimize imports of anything that can be made in India or which would

From Government of India Information Services

Sir Ardeshir Dalal, Member for Planning and Development, Government of India.

diminish the foreign exchange available for importing machinery and materials for the manufacture in India of products in demand there. Any government at New Delhi may be expected to adhere in both principle and practice to tight import controls as an aspect of the economic planning which has as its major objectives the expansion and protection of industry and the rehabilitation of agriculture.

It may nevertheless be expected that both official and private planners and importers will use all the dollar exchange they can get to buy not only American products but advice. Many Indian industrialists as well as several Government officials are seeking American technical advisers to help them with their plans and import purchases and with their subsequent activities for several years. Some eminent American experts in hydroelectric, irrigation, agricultural, and other fields have already made extensive surveys in India, and the U. S. Department of State is endeavoring to facilitate the employment of more. American public-health experts have assisted a Government of India committee to plan large projects which include the establishment of a medical school modeled on that at Johns Hopkins University. American advice is now being sought in plans for the creation of an engineering school, to be modeled on the Massachusetts Institute of Technology. Hundreds of Indian students, scientists, physicians, and industrial trainees will probably be sent to the United States in the next 10 years for training and advanced studies. Scores of manufacturers are eager to come here for ideas as well as factory equipment as soon as travel facilities are available.

All this and much more of the like, still to come, will sometimes require dollar exchange even more urgently than machinery will.

Technical Assistance Needed

Many Indian manufacturers have emphasized that they require technical assistance rather than foreign capital. They usually insist that foreign participation in joint enterprises must be in a minority role, with the majority financial interest Indian and the enterprise incorporated in India. Branch plants of foreign firms are welcomed only on this basis. American participants in such arrangements will often be asked to provide equipment, patents, and some technical personnel rather than cash. The Indian partners in such enterprises will often request that their American associates accept Indian trainees in their own plants, for subsequent employment in the Indian factory.

It will be expedient for American participants in joint enterprises in India to assure for themselves an adequate voice in production, accounting, product standards, and marketing methods, in order that proper standards may be not only introduced but maintained. Their Indian associates will often welcome such opportunities to improve their own methods, but in some cases tradition may be found an impediment.

Deep Problems Remain

Meanwhile, millions of the people of India are almost wholly preoccupied with getting enough to eat to remain alive. Neither the crores of rupees so glibly mentioned by the planners nor their hopes and promises mean much to the cultivator who thinks in annas and pice. To be sure, many Indians have made money, and sometimes a great deal of it, out of war contracts. In many parts of India, rural mortgage debt and other obligations have been greatly reduced, and in several areas the villager is eating better than usual. But the famine in Bengal in 1943 was a tragic reminder of the narrow margin of subsistence on which most of India lives.

Projects of land reclamation, irrigation, and fertilizer supply may achieve gradual amelioration, but the basic problem of food supply will remain for many years to qualify any excessive expectations that India's economic progress can be accomplished merely by erecting a few score factories. There is as yet no assurance that the wider industrial employment contemplated can even keep up with the growing pressure of population on the land, the implications of which some Indian economists regard with much concern. Others assume, perhaps too readily, that this pressure will gradually be relieved by the rising standard of living contemplated in the economic plans.

There is no inevitability about either the broad-scale industrialization of India or the production of more food, much as both are needed, desired, and planned. Both require not only great imagination and boldness in conception and balance in execution but also great numbers of technical personnel who are simply not available. Many observers long familiar with India's problems also point out that the inertia in traditional Indian attitudes toward industrial investment and toward scientific agriculture must be much more widely overcome before substantial progress can be made toward even the most obviously desirable goals. Whatever arrangements may be made for em-

(Continued on p. 9)

India's Economy—Now and Tomorrow

{ No Longer Do We Find in the Great Subcontinent "a Static Society in a Dynamic World"—India Now Is Awake, Aspiring, Seemingly on the Threshold of Stirring Economic Changes }

By D. A. KEARNS-PRESTON, *British Empire Unit, Bureau of Foreign and Domestic Commerce*

PROGRESS IS THE ORDER of the day in India. Striking developments are occurring with such rapidity that it is difficult to give to each its full place of importance.

India, one of the Allied nations, has a volunteer army of about 2,000,000 men. The military events of Europe have been, and those of the Far East continue to be, of just as great consequence to India as to any other Allied nation. Its proximity and economic ties to Burma make such events as the recent capture of Rangoon and the liberation of most of Burma of greater concern than to perhaps any other nation except Burma itself. India was represented at Bretton Woods and San Francisco, is a charter member of the International Labour Organization, and sent delegates to the International Business Conference and the Hot Springs Food Conference. In these and all other international developments, India is vitally interested and concerned.

In recent weeks the British Government has issued a White Paper on India setting forth a proposed change in the Government of India looking toward a government that will more nearly approach the status of complete independence. This is without doubt the development of major interest at the present time, and on the outcome of the present and future negotiations concerning it depends the success of much of India's plans for the future.

There are, in addition, a number of other significant and far-reaching developments which are progressing concurrently. Considerations of space will permit only a brief mention of the most prominent ones.

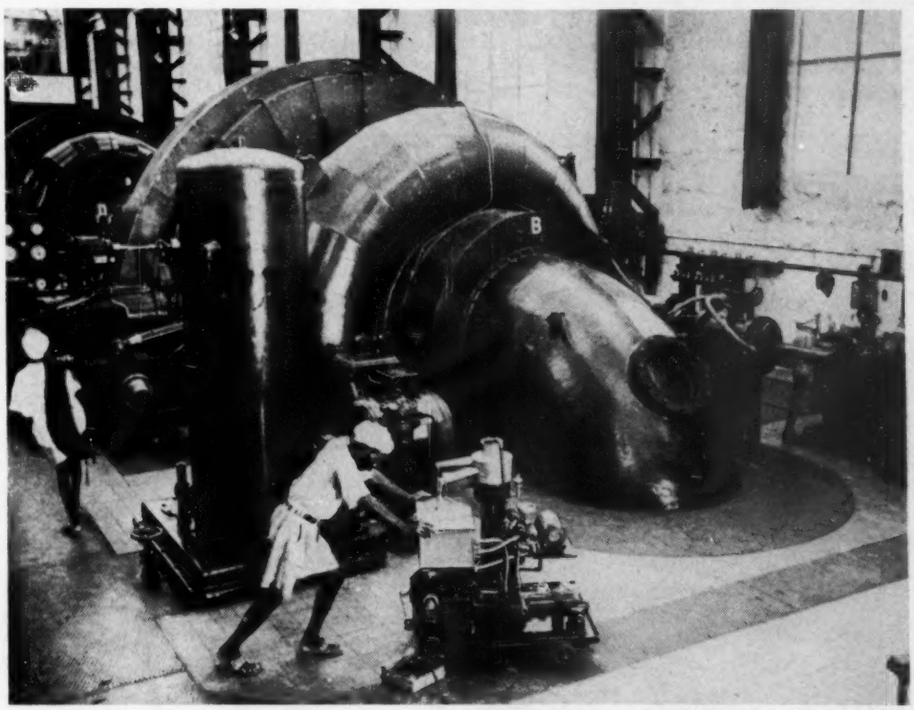
Agricultural Developments

The much-publicized famine of 1943 tended to emphasize the fact that India's principal industry and occupation is agriculture. It is estimated that 75 percent of India's people derive their living either directly or indirectly from the soil. Plans for the economic devolpment of India, therefore, give detailed attention to the problems of agriculture.

The "Bombay Plan" contemplates an increase in agricultural production of 130 percent in 15 years; the People's Plan, 400 percent in 10 years; and the plan drawn up for the Imperial Council of Agricultural Research, 50 percent in 10 years and 100 percent in 15 years. Another study prepared for a Government committee estimates the percentage increase of each of the principal crops of India if all known methods of improvement were put into operation.

While the famine was at its height, a Foodgrains Policy Committee met to devise ways of providing more food. It recommended that imports of food grains be increased to provide a constant reserve of 500,000 tons, that iron and steel be released to provide replacement and repair of agricultural implements, and that a factory be erected for the annual production of 350,000 tons of fertilizer (ammonium sulphate) each year.

These recommendations are in large measure being carried out. At the present time negotiations for the purchase of machinery to build the fertilizer plant are under way. It is probable that the release of critical materials for civilian use as arranged by the Hydari Mis-



Courtesy Government of India Information Services

In a hydrographic station which supplies primary, secondary, and tertiary power to an important area of South India.

sion (see p. 7 for additional information) will allow for larger allocations of iron and steel for agricultural implements. Foodgrains have been imported and controls have been established to provide for immediate needs. It has just been announced that the daily ration of rice is soon to be increased to 14 ounces in Travancore and 12 ounces in Mysore. Cochin will continue its present ration of 12 ounces of rice out of 1 pound of grain. The present food situation, while still tight, is apparently satisfactory.

Much discussed since the famine has been the question as to whether the Malthusian theory that population tends to expand more rapidly than the food supply presents a hopeless picture of the future of India. Considerations of land tenure, fragmentation of holdings, vested interests, rural indebtedness, religious customs and traditions, and illiteracy all conspire to make it appear that no plans can possibly bring about an increased agricultural production equal to the increase in population. That some measure of compulsion may be required to effect improvement is already accepted by some of the planners. On the other hand, India can import food as the United Kingdom does, and although it may take many years, experts believe that India's food production can be greatly increased. Furthermore, there are indications that the Government is determined to make the effort, and the announcement of an agricultural policy is expected soon.

Industrial Development

Forced by the war to produce everything possible for its own use and for nearby regions as well as for the use of Allied armies in that area, Indian industry has expanded rapidly. Many items are now manufactured which were never before produced in India, and there has been a considerable increase in the production of articles which were already being produced. It cannot be said to what extent increases will be maintained after the war, but estimates place permanent expansion at 20 to 25 percent.

India now produces all or most of its requirements of iron and steel, cotton textiles, tires, sugar, cement, matches, and certain chemicals. It also produces a large part of its drugs, paper, glass, telephone and telegraph line equipment, and some chemicals, and has made a beginning in the manufacture of a long list of items including batteries, electric motors and fans, machine tools, textile machinery, bicycles, ships, electric bulbs, aluminum, starch, plywood, insecticides, shark-liver oil, hospital equipment, locomotive boilers, railway wheels and axles, armaments, and a host of other items, most of which are related to the war effort.

Plans for the future include production of fertilizer, processed food, automobiles, locomotives, radios, raw film, rayon, and plastics. Elsewhere in this issue (see p. 10) there is a discussion of the Government's policy for industry and additional information on industrial plans in general. India is already an industrial nation of importance; it is to become increasingly important insofar as these plans are realized.

Financial Developments

The outstanding fact of India's financial position is that the country emerges from the war a creditor nation.

India had a prewar sterling debt of more than 4,000,000,000 rupees, which has been reduced to 140,000,000 rupees ($42,170,000). The country also has accumulated sterling credits which amounted to 13,630,000,000 rupees ($4,105,560,000) on March 30, 1945. This change has been effected by an increased export balance of trade with the United Kingdom and other sterling-area countries, by sterling payments for military expenditures incurred on behalf of the United Kingdom and allied countries, and other expenditures made on behalf of the United Kingdom for which payment was made in sterling. The use of these "sterling balances" is a subject of much discussion and conjecture.

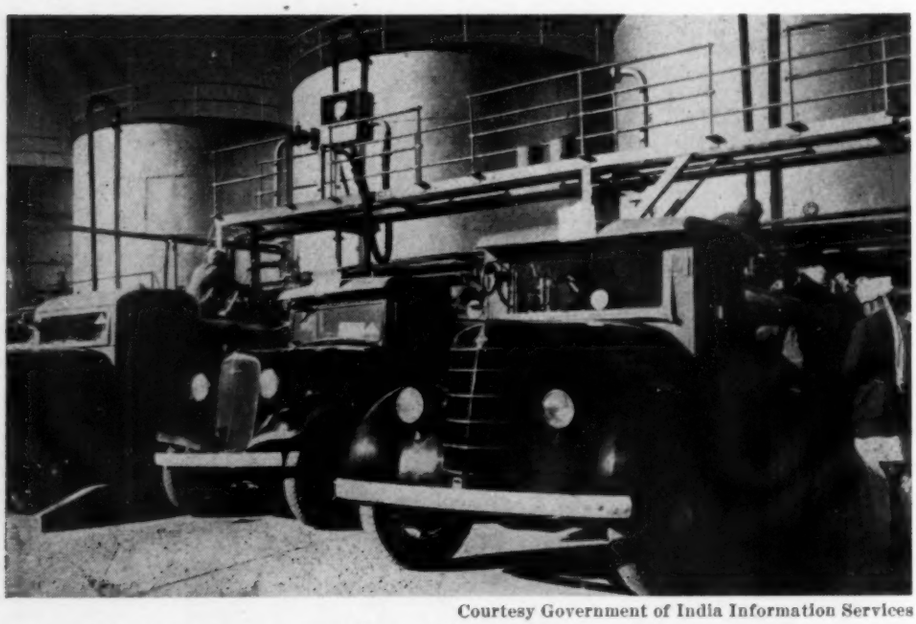
In addition to the repatriation of its long-standing debt, India has also been able to purchase the company-managed railways (£28,000,000), fund railway annuities, and redeem railway debenture stock (£62,000,000), discharge its obligation under the Chatfield agreement (for permanent military installation) (£8,500,000), and conclude an agreement with the United Kingdom regarding the wartime allocation of noneffective charges (£15,000,000).

The internal finances have also undergone drastic change. Revenue has increased from 845,100,000 rupees in 1938–39 to 3,568,800,000 rupees ($1,075,000,000) (revised estimate) for 1944–45. Most notable is the increase in direct taxation, corporation taxes having risen from 20,400,000 rupees in 1938–39 to 1,061,100,000 rupees ($320,000,000) in 1944–45 and income taxes from 152,400,000 to 1,038,900,000 rupees, respectively. Central excise taxes also increased from 86,600,000 rupees in 1938–39 to 390,700,000 rupees ($118,000,000) in 1944–45, and the Department of Posts and Telegraphs and the Railways provided larger contributions.

Government expenditures also have expanded since 1938–39. In that year the Government's expenditure chargeable to revenue was 851,500,000 rupees as compared with revised estimate of 5,126,500,000 rupees ($1,544,000,000) in 1944–45. The increase is mainly connected with the war effort. Defense expenditure has always been a large item in India's budget, amounting to 461,800,000 rupees in 1938–39. The revised figure for 1944–45 is 3,972,300,000 rupees ($1,197,000,000)—more than an eight-fold increase. The latter figure is for expenditure against revenue; in addition, there was a capital expenditure of 594,100,000 rupees ($179,000,000) in that year.

Since the war began, the total deficit on revenue account has amounted to 4,770,000,000 rupees, met largely by borrowing. Total borrowing from the beginning of the war to the end of March 1945 is stated to have aggregated 8,330,000,000 rupees ($2,509,000,000). The total public debt of India (interest-bearing obligations) amounted to 17,990,000,000 rupees ($5,419,000,000) at that time; India's floating debt stood at 930,000,000 rupees ($280,000,000) on January 31, 1945.

The war has brought about a number of changes in India's tax system. An excess-profits tax was introduced for the first time, and income taxes are now collected on a "pay-as-you-earn" basis. New and additional excise taxes were imposed, a surcharge was added to all taxes on income, and compulsory deposits were introduced. In March the British Parliament passed the India (Estate Duty) Act, authorizing the Central Government of India to levy an estate (inheritance) duty on property other than agricultural, and the Provincial legislatures to levy estate duties on agricultural



Courtesy Government of India Information Services

At an Indian oil refinery, bulk gasoline is being loaded into tank trucks for local delivery.

property. In the same month, a proposed bill for the levy of a tax on agricultural income in the Province of Madras was published. A similar act was passed by the Bengal Legislature in December 1944.

It is also worthy of note that India has experienced a certain amount of inflation since the war began. Prices began to rise seriously in the summer of 1942 and continued through June 1943, at which time they were stabilized by a series of control measures which are still in effect. By and large these measures have been successful, and prices have remained at approximately 2½ to 3 times prewar levels.

A scarcity of consumer goods has been one of the contributing factors in this inflation. The most recent development in meeting this need was the return of the Hydari Mission from the United Kingdom where it concluded arrangements for a reduction in the demands on India for steel, leather, timber, woolens, and cement, thus releasing more of these items for domestic use. Arrangements were also made for procuring essential stores and equipment, materials needed for the manufacture of consumer goods, and such finished consumer goods as baby foods, vegetable seeds, bicycles, drugs and medicines, paper and stationery, cotton sewing thread, sewing machines, toilet requisites, hardware, glassware, and electric household goods.

The war has brought about a rapid expansion of banking facilities in India and in the use made of them, as indicated by deposits. The number of scheduled banks and branch offices rose from 1,290 in March 1940 to 2,141 in June 1944. On the latter date there were in addition 530 nonscheduled banking companies in India. Cash and time deposits of the scheduled banks rose from 2,400,600,000 rupees on December 29, 1939, to 8,307,400,000 rupees on February 23, 1945.

Indian Businessmen Now in This Country

An important group of Indian industrialists and advisors are now visiting industrial plants and engineering schools in the United States. The composition of the group is as follows:

Industrialists—
J. R. D. Tata.
G. D. Birla.
A. D. Shroff.
N. R. Sarkar.
Sir Sultan Chinoy.
Ajaib Singh.
Laik Ali.

Secretary of Group—
P. S. Lokanathan.

Advisors—
Sir Jehangir Ghandy.
S. Moolgackar.
A. S. Chinoy.
K. Stolba.
H. Rahmon.
B. C. Ghosh.
J. H. Mukherjee.
G. W. Figgins.
K. R. Gupta.

There is now under discussion a plan for changing the denominations of coins so that the decimal system may be used. At present the rupee is divided into 16 annas, of which each contains 12 pies. The proposed plan would divide the rupee into 100 cents, with coins of 50, 25, 10, 5, 2, 1, and possibly a ½-cent denomination. The present rupee, half rupee, and quarter rupee would be continued, but new coins would be required for smaller denominations. It is reported that the plan is receiving favorable comment.

Social Endeavor

According to the census of 1941, slightly more than 12 percent of India's population (then given as 388,997,955) was sufficiently literate to read a letter.

A solution to this serious handicap is sought in a plan devised by the Educational Adviser to the Government of India which was made public in January 1944. Named after its author, the Sargent Plan contemplates a 40-year program of educational expansion which in its fortieth year would call for an annual expenditure of 3,126,500,000 rupees ($942,000,000 at present exchange rates), against a total expenditure in British India for education in 1939–40 of 290,876,321 rupees ($87,600,000). Compulsory schooling would be provided free to all children between 6 and 14. A selective group of students would enter high schools, which would be of two kinds—academic and technical. There would also be an expansion of university, specialized, and adult education.

The "Bombay Plan" also includes provision for a greatly expanded educational program for India, the total cost of which would be 4,900,000,000 rupees ($1,476,000,000) during the 15 years required for consummation of the plan.

It is obvious that many practical difficulties must be overcome in effecting such large-scale plans as these. The problem of securing teachers is perhaps the outstanding one. Unless the wages of teachers are raised considerably, they will be insufficient to attract the number of persons of the qualifications required. The First Report on the Progress of Reconstruction Planning, published by the Reconstruction Committee of the Viceroy's Council, states that the average pay of a primary teacher in Government schools in India is about 27 rupees ($8) per month, and in other schools it is frequently as little as 10 rupees. Obviously India's educational advancement must go hand in hand with economic development as both cause and effect of an increased standard of living.

Improved health is also a subject of the over-all plans for India's economic betterment. Although it is well known that great strides have been made in improving sanitary conditions in the cities, in establishing a medical service, and in restricting epidemics, it is said that the problem of raising the general standard

Courtesy Government of India Information Services

Science works for new India.

of health of the people still remains. An official report states that the recorded death rate is 22 per thousand, the infant mortality rate is 162 per thousand live births, and there is an annual mortality of 145,000 from cholera, 70,000 from smallpox, 31,000 from plague, 290,000 from dysentery and diarrhea, 500,000 from tuberculosis, and 3,667,000 from "fevers" of various kinds which are so prevalent in India.

The "Bombay Plan" devotes much attention to this vital need, setting aside 4,500,000,000 rupees ($1,355,000,000) to be spent in 15 years, and the Government has appointed a special Health Survey and Development Committee which has been at work since 1943, the report of which is anticipated with keen interest.

Housing is also a subject of concern. Although India is a land of villages, there has been a steady increase in the number and the size of its cities. The census of 1941 lists 58 cities of more than 100,000, and the increase of urban population between 1931 and 1941 was more than 32 percent compared with an increase of 15 percent for the total population. If industrialization follows the pattern of urban concentration typical of western countries, this tendency will continue and housing will be an inevitable problem. To meet it the Government has established principles for town planning and adequate, healthful housing.

India is a charter member of the International Labour Organization, and the welfare of labor has become an increasingly important subject. In 1941 the Government created a Department of Labor, and a special officer was appointed to advise on labor legislation. A forward step was taken in the formation of a Tripartite Labor Organization in which representatives of government, labor, and management sit to promote uniform labor legislation, to formulate methods for handling labor disputes, and to discuss matters of national importance that relate to labor. The first meeting of the organization was held in August 1942.

Although some concessions have had to be made on account of the war, the labor laws of India in general have succeeded in protecting labor from excessive hours, insanitary conditions, and industrial hazards, and industry is said to have kept wages generally in line with increased living costs by means of "dearness" (cost-of-living) allowances, company food stores, and bonuses.

During 1944 the Government amended the Factories Act to improve safety measures in factories, amended the Coal Mines Safety (Stowing) Act to improve safety measures in the mines, and created a welfare fund to provide amenities to miners. Consideration is being given to holidays with pay, and to the compulsory recognition of trade unions. Social security is also being widely discussed in India, with a scheme already drawn up for the payment of wages during illness and the provision of medical care of industrial laborers in selected industries. It was announced late in 1944 that a number of officials of central and Provincial governments will be sent to England to study labor administration. Three groups of 20 each will receive the benefit of this study.

Transportation Advances

Adequate roads are one of India's greatest economic and social deficiencies. In 1939 there were 319,000 miles of roads in India, 99,000 miles of which were impassable to automobiles and 122,000 were designated as fair-weather roads. The remaining 98,000 miles are classed as all-weather roads.

Although roads under the present constitution are the concern of the Provinces, there have been indications that the central Government is fully aware of the need for planning and development on an all-India basis. In 1943 a conference of road engineers from the Provinces and States of India met in Nagpur to discuss India's needs. They concluded that no less than 400,000 miles of all-weather roads were required to bring all the villages of the country reasonably close to a planned road system. A system of national highways was recommended into which Provincial, district, and village roads could be fitted. The cost was estimated at 3,500,000,000 rupees ($1,054,000,000), with an additional 500,000,000 rupees for acquisition of land and 500,000,000 rupees for construction of bridges.

In February 1944 the Government announced that it would appoint a Road Development Officer to facilitate road planning by touring the Provinces and States and urging that each draw up preliminary plans. In addition it has recently been decided that an Indian Road Board should be created.

India's railways have been intensively utilized as a result of the demands laid upon them by the war, and they deserve the highest praise for the success with which they have done the job. Rolling stock is in great need of replacement, and considerable improvements are contemplated by the Railway Board. During the first 7 years after the war the expenditure of large sums is contemplated as follows: Rehabilitation of about 2,500 miles of new lines, 560,000,000 rupees; operative improvements and additional comforts for passengers, 450 000,000 rupees each; and staff welfare, 480,000,000 rupees—a total of 3,190,000 000 rupees ($961,000,000). It is also expected that India will be able to manufacture all its freight cars after the war, and a plant is to be established at Kancharapara to manufacture 70 to 80 locomotives and boilers a year. Additional locomotives and boilers are to be produced at Tatanagar by Tata Sons, Ltd., according to an announcement made in April 1945.

Aviation is to play an important part in Indian transportation after the war, according to plans accepted in principle by the Committee for Posts and Aviation of the Reconstruction Committee in Council. The plan calls for 111 airports—46 in cities exceeding 100,000; 29 in cities of 50,000 to 100,000; and 36 in cities of less than 50,000. Of the 111, 91 are said to be already in existence (compared with the 21 airports in India in 1939). Four cities would have airports of entry for world air traffic—Karachi, Calcutta, Delhi, and Bombay. It is proposed that hotels be erected at these airports, the one at Karachi with 100 rooms, the others with 50 rooms each. The total cost of the project is estimated at 155,000,000 rupees ($47,000,000).

India is also desirous of obtaining a larger share in coastal and foreign shipping. A memorandum issued by the Government's Policy Committee on Shipping states that at the outbreak of the war the Indian Merchant Marine consisted of not more than 30 vessels with a total tonnage of less than 150,000 gross tons. This committee recommended that the Indian Merchant Marine acquire an increased share of the coastal trade, including trade

with Ceylon and Burma, the current Indian share of which is estimated at 20 to 30 percent; a substantial share of the trade with nearby countries such as those in the Persian Gulf, East Africa, Malaya, and the Netherlands Indies; a fair share of Eastern trade, especially that from which Japan has been dispossessed; and a fair share of the trade between India and the United Kingdom, Europe, and North America.

To this end it was reported in May 1945 that a company owned and managed by Indians is being formed in London with a capital of £100,000 to engage in trade along the Indian coast and on deep-sea routes. It is said that the company expects to purchase Liberty ships from the United States after the war, and hopes to transport many Indian students to and from Europe. Also the Government of the State of Travancore has recently inaugurated a shipping company in collaboration with a large British firm.

Communications

Early in the war a preliminary scheme was proposed for developing communications at a cost of 10,000 rupees. Before it could be put into effect, the demands of the defense services were so great that the plan had to be expanded. Under a newly created Telecommunications Development Board, a new plan was devised which called for an expenditure of 160,000,000 rupees. This construction program is to be completed by the latter part of 1945. It will give India 300,000 circuit miles of long-distance telephone trunk lines—which is 3 times the prewar figure. Internal production of equipment has been increased 400 percent to provide 650,000 poles with fittings, 300,000 miles of wire, and 12,000,000 insulators. The expansion called for 20,000 new telephones.

Telegraph facilities have also been greatly expanded. About 110,000 miles of wire and 10,000 miles of new routes have been laid, connecting all important cities and enabling a number of messages to be transmitted simultaneously on a single pair of wires. It is planned to spend approximately $120,000,000 after the war to place a telegraph office in every town of 10,000 or more.

Teleprinters are now in use between several of India's principal cities, and it is hoped to extend this service to all large centers. Delhi is now directly connected by wireless with London, as Bombay has been for some time. In August 1944 direct wireless service was established between New York and Bombay. The principal railway centers have their own radio communication facilities providing direct contact with Delhi and with each other. A photo transceiver is soon to be installed which will permit the reception and transmission of pictures.

The Government-owned and operated All-India Radio now operates 20 transmitters, providing an ever-increasing quantity and variety of programs for an estimated 300,000 radio receiving sets in the country.

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Great Things To Come

These indications of India's progress and plans for progress show that India is no longer "a static society in a dynamic world." India is awake to its position, deplores its shortcomings, and aspires to greater things. These plans will not be implemented without difficulties, and some of them will always remain merely as blueprints. Enough progress has already been made, however, to show that the planners are not merely indulging in wishful thinking. There is every reason to believe that India is on the threshold of stirring changes and far-reaching developments. The world can expect great things of the India of the future.

India in This Era of Transition

(Continued from p. 4)

ploying sterling balances and dollar exchange to the utmost in importing the means for India's economic progress, there will remain not only a general unfamiliarity with modern production and distribution methods but a widespread aversion to any change. Whatever the political changes, it cannot reasonably be expected that there will soon be unity of opinion in India on economic objectives. Nevertheless, substantial achievement seems assured.

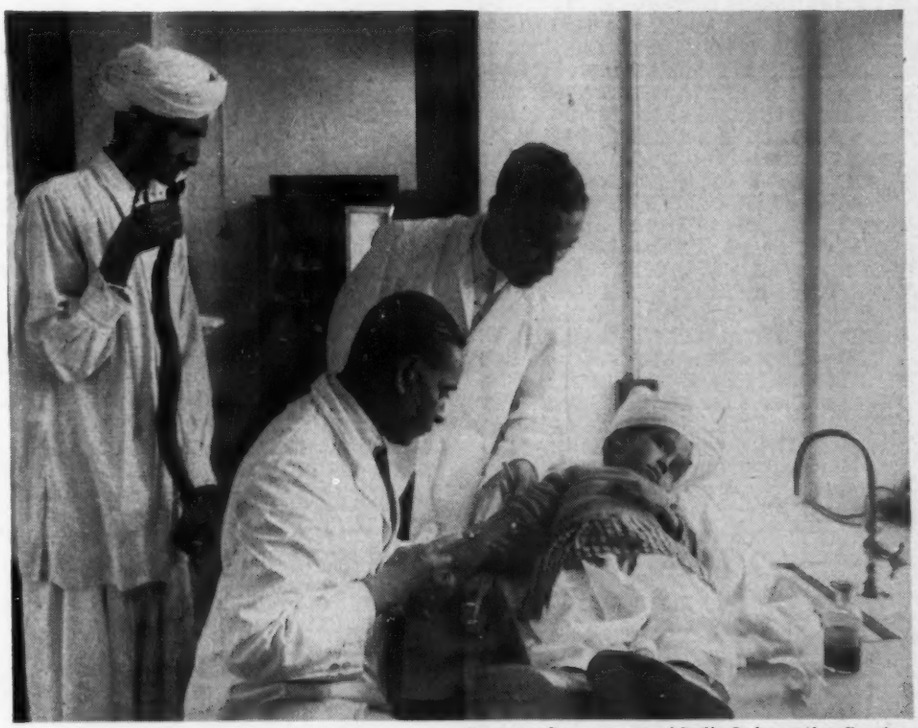
Mounting Imports From U. S.

India has imported during recent years nearly 10 times as much American goods as before the war. These were chiefly on lend-lease, but *commercial shipments have been double the prewar figures.* It cannot be supposed that anything like this volume will continue after the war, but the demand for American capital goods will cause many Indian industrialists to visit the United States, to place orders, and to seek agencies. One important group is now visiting American industrial plants and engineering schools. The search for ideas and equipment will be educational to both Indians and Americans, and this education by contact is greatly needed.

Two-Way Commerce

There is also the matter of two-way trade. We have sought and obtained in India, during the war, large quantities of strategic minerals, jute and other products. We will continue to require some of them in large volume, but the American market should also be receptive to a wider range of Indian products, some of which will have to be adapted to our requirements through American advice in India. Americans will probably visit India as tourists, after the war, in much greater numbers than ever before if more adequate provisions are made there for their comfort and con-

(Continued on p. 55)



Courtesy Government of India Information Services

Modern India works toward more efficient medicine and better health. The Central Research Institute at Kasauli, near Simla in the Himalayas, does considerable research on the main epidemic and endemic diseases that afflict India's masses. It also produces snake-bite sera. Here we see anti-venene being injected into the veins of a child bitten by a deadly viper. The child's father holds the dead snake. The boy will recover, as do more than 90 percent of the persons treated in similar cases.

India's Industrial Policy

[Intense Interest Is Manifested; Large-Scale Plans are Formulated—India's Industrialization Depends on Inter-Play of Diverse Forces]

By D. A. KEARNS-PRESTON, *British Empire Unit, Bureau of Foreign and Domestic Commerce*

INDIA WANTS TO INDUSTRIALIZE, and the reasons are not hard to find. The economy of the country is overwhelmingly based on agriculture, which provides a living for approximately 75 percent of India's 400,000,000 people. The prewar per capita income of $20 a year is insufficient for a standard of living above the level of mere subsistence. Although great natural resources exist, they are in general only partially exploited; the country has for years been known as a primary producer, exporting raw materials and importing manufactured goods. Indian capital is now available in abundance, and, but for the scarcity of machinery and technical leadership, there is every indication that India might even now be well on its way to becoming an industrial power in the world.

Economic Planning

The idea of industrialization has been a fond hope and a gradually increasing reality for many years, but only in recent months has it reached the stage of prominence that it holds today. Perhaps no other occurrence has been as effective in bringing the subject to the fore as has the publication of a number of plans for India's economic future, particularly the "Bombay Plan" for the economic development of India, which appeared in January 1944. This plan was the work of eight prominent Indian industrialists who envisaged a 15-year expansion and extension of industry, agriculture, communications, education, health, and housing at a total cost of $30,121,500,000. Slightly less than one-half of this amount was to be spent on industry.

Citing figures on national income for 1931–32, the industrialists called for a change in the proportion of income derived from agriculture and industry from 53 and 17 percent, respectively, to 40 and 35 percent. According to their plan, the value of agricultural production would be increased by 130 percent; of industrial production, by 500 percent.

The principal objective would be the doubling of the per capita income of India in 15 years, with due allowance for the increase in population during that time. Presented as "a basis of discussion," it was eminently successful.

In March of the same year, the Government published the "First Report on the Progress of Reconstruction Planning," as prepared by the Reconstruction Committee of the Viceroy's Executive Council which had been formed in March 1943. This report announced that economic planning had been divided by the Government under six heads, for each of which a special committee was to be appointed to work out plans for the consideration of a General Policy Committee which would report to the Reconstruction Committee. A "development officer" was also to be appointed to work, in the case of industries, under the direction of the Industries and Civil Supplies Department of the Government.

The principal need was declared to be factual information regarding India's postwar requirements, and to obtain this information a questionnaire was prepared to be sent to industrial and commercial associations and Provincial and State governments. The Government also envisaged an advisory panel of industrialists to assist in drawing up an industrial policy.

Other planners came forth with their ideas, notably a "People's Plan" published by the Indian Federation of Labour, which contemplated a 10-year scheme to increase agricultural production 400 percent, industrial production 600 percent, and the standard of living 300 percent, at a total cost of 150,000,000,000 rupees ($45,182,250,000). Still another plan, stressing the importance of village industries, was said to have the support of Mahatma Gandhi.

New Department Created

In response to the public interest in economic planning, the Government created a new department of government for Planning and Development and invited Sir Ardeshir Dalal (see portrait on p. 4), one of the eight coauthors of the "Bombay Plan" and an executive of the Tata Iron & Steel Co., Ltd., to become its head. He accepted this position and took office on August 1, 1944.

In his first press conference in September, Sir Ardeshir made it clear that he was keenly interested in industrial planning. He stated that little progress had been made up to that time and that there had been a very poor response to the questionnaire sent out several months previously. His department, he stated, was taking over from the Department of Industries and Civil Supplies the responsibility for industrial planning, and he went beyond the plans announced by the Reconstruction Committee in Council by appointing a separate Policy Committee on Industry, consisting of a number of prominent industrialists and representatives of Provinces and States. Detailed planning, he said, would be entrusted to separate panels for each of the major industries or groups of industries.

Objectives Stated

The Government's Second Report on Reconstruction Planning, partially prepared before the new department was created, was revised and appeared in the fall of 1944. It was a general statement of plans and purposes, looking to a 15-year program, together with more specific statements for the first 5 years. In point of time, it thus followed the pattern laid down by the "Bombay Plan." For industry, it spoke in terms of policy—the relationship between industrial and agricultural planning, the priority of power, and the place of cottage industries. It also contained this significant statement: "The pace of development is likely to be governed more by the availability of imported machinery and technical staff than by considerations of finance. * * * The most serious difficulty facing the expansion of industry will be the dearth of technical staff, especially for the higher technical and managerial posts."

In January 1945 the Bombay planners other than Dalal issued Part II of their plan, in which they defined the role of the State in economic activity and the distribution of income. They advocated a minimum income for everyone and correction of the gross inequalities of income by means of minimum wages, control of interest rates, limitation of profits and dividends, and taxation. They indicated that agricultural landlordism and the present land-revenue system must undergo reform.

Concerning the rule of the State, the authors proposed a mixture of capitalism and socialism, aimed at preserving the scope for individual initiative and enterprise, and adequately safeguarding community interests by sanctions against abuse of individual freedom. They contended that the State would be obliged, for a time at least, to exercise control over production, distribution, consumption, investment, foreign trade, and wages.

On March 27, 1945, the Planning and Development Department announced that 25 of the 29 proposed industrial panels for individual industries had been constituted. Each panel is to be given a target for the first 5 years that is to

guide it in submitting plans which will be utilized in drawing up an over-all industrial plan for India. The result of their work will be eagerly awaited.

Proposed Industrial Policy

Sir Ardeshir met the desires of a large section of India's proponents of industrialization when he set up the special Policy Committee on Industry. The early selection of the industrial panels, on which representatives of the various industries sit and have a part in Government's plans, was also a popular step. He then turned to the most pressing need of all, and one which had been loudly demanded—an industrial policy for India. On April 21, 1945, his department issued a statement outlining a proposed policy for India's industrialization.

The statement indicates that in order to secure coordinated and planned development, central control of the following industries is required: Iron and steel; prime movers, automobiles, tractors, and transport vehicles; aircraft; shipbuilding and marine; electrical machinery; heavy machinery such as textile, sugar, paper, mining, cement, and chemical; machine tools; heavy and fine chemicals; chemical dyes, fertilizers, and pharmaceutical drugs; electrochemicals; cotton and woolen textiles; cement; power alcohol; sugar; motor and aviation fuel; rubber manufacture; nonferrous metals; electric power; coal; and radio engineering.

At the present time, the statement points out, ordnance factories, public utilities, and railways are very largely State-owned and State-operated, and this arrangement will naturally continue. In addition, it has recently been decided that the bulk generation of power should be a concern of the State. Other basic industries which might be nationalized if adequate private capital for their development is not forthcoming are stated to be aircraft, automobiles and tractors, chemicals and dyes, iron and steel, prime movers, transport vehicles, electrical machinery, machine tools, the electrochemical industry, and nonferrous-metal industries. It is also possible that the Government may take over in the same way industries in which the tax element is more important than the profit element—an example of which, taken from the past, is the salt industry.

Control of industries catering to ordinary consumers' demands and operating under free competition would be limited, according to the statement, to such regulation as is necessary to assure fair conditions for labor. Stricter control, varying with the circumstances, would be called for with respect to industries of a semimonopolistic nature which have to do with scarce material resources.

To Assist Industry

The statement further declared that the State should develop without delay such prerequisites to industrial progress as transport facilities, power, the survey of mineral resources, scientific and industrial research, and technical education. The Government should also be prepared to assist industry in one or more of the following ways:

Make loans or subscribe capital to specified industries when private capital is not forthcoming;

Guarantee minimum dividends on capital or cover revenue losses for a fixed number of years in special cases;

Support the research of industrial associations in addition to Government's own research activities;

Purchase domestic manufactures subject to reasonable safeguards as to quality and price;

Create an industrial investment corporation;

Give tax relief where taxation tends to act adversely on industrial development;

Assist in the procurement of capital goods (it is proposed to set up permanent purchasing agencies in the United States and the United Kingdom); and

Make available the advice of experts in various fields.

The statement reported that a long-range tariff policy is under consideration by the Government. In the meantime it is proposed that machinery be set up at once for the investigation of industries that lay claim to protection beyond the essential wartime industries which have already been granted assurance of postwar protection.

The statement asserts that the Government has come to the conclusion that it must have the power to license industrial undertakings in order to regulate the growth of industry. The location of industry is mentioned as requiring control, as well as industries promising quick returns which tend toward overproduction and excessive competition. It is suggested that fixed targets and a regional allocation of industries is the answer to these ills. Such power will require the granting of this authority by legislation.

Although it is stated that controls should be kept at the minimum necessary for a planned economy, it is suggested that control of the following may also be necessary: Capital issues, wages, excess profits, quality of products, regulation of assets to prevent their concentration in the hands of a few persons of a special community, and regulation of the technical training of personnel.

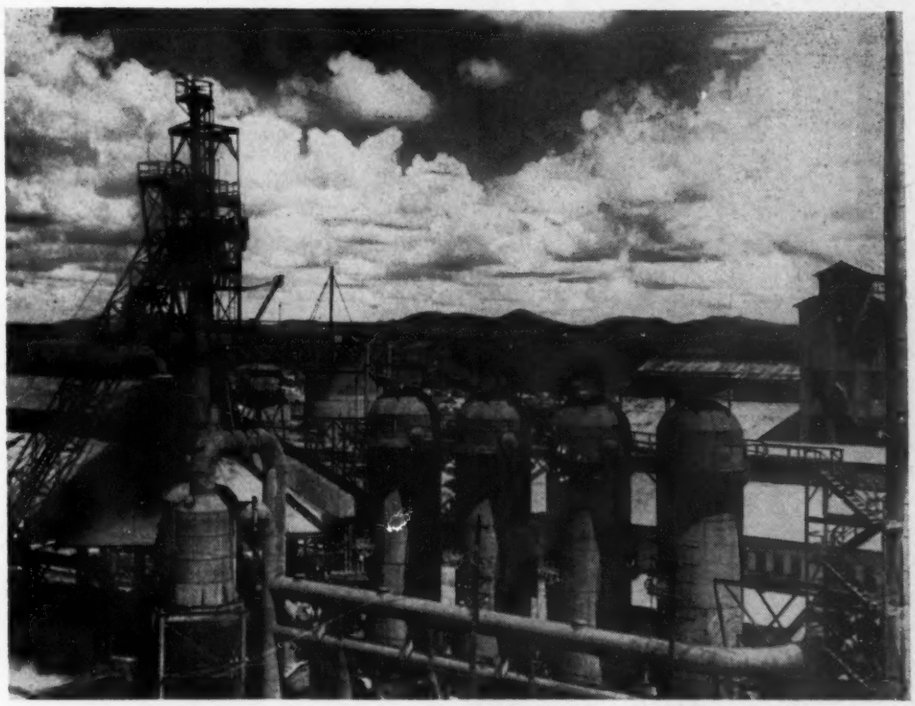
Reaction to Statement

The statement was almost immediately attacked—first on political grounds and then on its failure to promise unlimited tariff protection to all industries, its qualification with respect to quality and price in the purchase of domestic manufactures, and its control over concentration of assets according to communities. It was called "simple bureaucracy," was termed vague and blurred, and in general was criticized as involving a dangerous concentration of power in the Government.

Two days after the statement on industrial policy appeared, the Commerce Department of the Government issued a press communiqué in which it stated that claims to assistance or protection in terms of the promise in the Government's statement should be addressed to the Secretary to the Government of India, in the Department of Commerce.

Visits to Britain and U. S.

Openly related to the foregoing plans is the recent visit of Sir Ardeshir Dalal and, traveling separately, a group of prominent Indian industrialists to Great Britain for the express purpose of acquainting themselves with industrial progress



Courtesy Government of India Information Services

At the Mysore Iron and Steel Works.

and of ways in which Britain might assist India with its plans. The visit was encouraged by both the Viceroy and the Secretary of State for India, who have stated that British business interests are ready to cooperate in helping India to industrialize.

Sir Ardeshir came on to the United States about the middle of June, followed 2 weeks later by the industrialists and their advisers. Their purpose in this country is the same—to investigate the possibilities of obtaining United States machinery, technical assistance, and to a certain extent capital.

What Are Actual Prospects?

There can be no doubt that a very large number of India's leaders are determined to industrialize. The war has given an impetus to industrial growth, roughly estimated at a permanent expansion of 20 to 25 percent. Considerable headway has been made in the manufacture of iron and steel products, machine tools, cement, glass, plywood, paper, starch, matches, chemicals, drugs, aluminum, armaments, and a large number of items related to the war effort.

The Finance Member has estimated that in the first 5 postwar years the Government of India will have approximately 10,000,000,000 rupees ($3,121,500,000) available for reconstruction, in addition to funds of States and Provinces set aside for such purposes, and also in addition to private capital. Of the latter there is said to be an abundance at the present time.

The country is also favorably situated in terms of its external credit position. According to a recent statement issued by the Bureau of Public Information of the Government of India, India's prewar sterling debt of 3,965,000,000 rupees has been reduced to only 140,000,000 rupees ($42,170,000); and on March 30, 1945, it had accumulated sterling credits of 13,630,000,000 rupees ($4,105,500,000). Because these credits are subject to whatever revision may be called for in the so-called Financial Settlement, and because 40 percent of India's note circulation standing at 11,070,279,000 rupees on April 27, 1945, must be covered by gold and sterling, by no means all of this amount will be available for purchases of the machinery, technical assistance, and other services that India requires. In addition, a certain amount will be needed to help India supply the present demand for consumer goods.

In contrast to its sterling position, India is not blessed with such a superfluity of dollars. Under the present Empire dollar-pool arrangement, of which India is a member, the pool takes all dollars accruing to India from trade with the United States and distributes them to the various parts of the Empire according to their needs in relation to the war effort. It has never been announced just what share of these dollars India receives, but United States trade figures indicate that India made cash payments of $277,998,000 for merchandise in the 4 years 1940–43 as compared with $146,766,000 in the 4 years 1936–39. In addition, India is the only member of the dollar pool which has received a definite commitment of dollars earmarked for postwar purposes of development. The amount is tentatively set at $20,000,000 per annum. The year 1945 is the second year this fund has been in existence. This sum is, of course, only a small part of the amount that India will need to carry out a real program of industrialization, even if only a fraction of its requirements of capital goods should be purchased in the United States.

Although it is no part of the industrial policy outlined above, it has been clearly stated on a number of occasions that India does not want foreign capital to hold the controlling interest in its industries. Such capital is welcome only on a minority basis. Unfortunately, India needs the expert technicians and the advanced technical developments which are frequently to be had only on a more generous basis of cooperation with foreign interests. Some Indians are coming to realize this fundamental dependence on outside help, but most of them have decried foreign interests so violently that they dare not seek outside help without appearing in nationalist eyes to be outright "collaborationists."

Still another obstacle to rapid industrialization is the world's shortage of capital goods and the enormous demands that are already being made upon the United Kingdom and the United States, the principal sources of supply. First of all, the reconversion of our own industries from war- to peace-time production will require no small amount of the products of our machine-tool industry. In addition to India's requirements, there are also those of China, Russia, the South American republics, and the war-ravaged countries of Europe.

Courtesy Government of India Information Services

In a large Indian tin-plate mill.

Acquiring Technical Know-How

As now planned, the United States is to have a considerable part in overcoming India's lack of technical leadership. Within the next 3 years, approximately 500 Indian students per year are to come to the United States to study in American universities and technical schools. It is also desired that American experts go to India to give advice and to train students there. During the war, groups of selected boys, known as the "Bevin boys," have gone to work in British industrial establishments in order to become experienced as foremen and skilled laborers. More than 1,000 boys have received this training. In addition, a technical training scheme in India has given a course in industrial skills which should be of great value in supplying labor with some measure of experience. A total of 75,000 persons had been trained by July 1944.

Favorable Forces Operating

Considering these developments, it appears that India is in a more favorable position to industrialize than ever before in its history. During the war years it has been able to retire practically all of its foreign obligations, to repatriate its railway and many other foreign investments, to build up large sterling credits, and in several Provinces and States to create funds for postwar development. Many Indians have become wealthy and, perhaps most important of all, eager to invest in industrial undertakings.

A considerable number of industries got a start during the war that otherwise might not have been developed for many years. As those industries which are operating on a sound basis are promised postwar protection, many of them look forward to expansion and development. Other industries, already well established, are now in a position to enlarge,

(Continued on p. 57)

India's Tariffs and Commercial Policy

By MARY C. MOIR, *British Empire Unit, Bureau of Foreign and Domestic Commerce*

UP TO 1923 the fiscal policy of India was guided solely by the need for revenue and protective or preferential considerations did not play an important part in the framing of the tariff. The appointment of the Indian Fiscal Commission in 1921, as the outcome of a long-standing and insistent demand of the Indian public for a revision of tariff policy, opened up a new epoch in Indian tariff history. Following its recommendations, in 1924 an element of discriminating protection was introduced into the tariff of India, and a policy of according preferential rates of import duty to a limited number of commodities originating in the United Kingdom and the British colonies began with the signing of the Ottawa Agreement between India and the United Kingdom in 1932.

Up Till 1923

Customs duties on imports by sea had obtained in India for centuries. Rates were low, usually not in excess of 5 percent ad valorem. Under the Mogul Empire there was an elaborate system of transit dues which greatly impeded trade. They had been completely abolished by 1844. Import duties continued to be levied, to some extent, at different but fairly uniform rates, in the various Provinces.

The East India Company, from which the British Crown took over the government of India in 1858, was a commercial organization chiefly interested in the development of a two-way trade. India furnished a market for the large quantities of British machine-made goods resulting from the industrial revolution of the nineteenth century, and constituted a source of raw materials for the industries of the United Kingdom and of foodstuffs for its people. The extensive railway system of India which began to develop in the 1840's opened up the remotest corners of India to British goods, and the supremacy of these goods was established, as was British control of the sources of raw materials in India.

When government passed from the East India Company to the Crown, the need for additional revenue brought higher customs duties. Reductions and repeals followed as the budget position improved, and the year 1882 saw the introduction of free trade. The free-trade movement of the nineteenth century was then at its height, and the United Kingdom, as the chief world supplier of manufactured goods, was its principal exponent.

In 1894 financial considerations again brought a return to a revenue tariff. Rates, as heretofore, were uniform and low. During the First World War and the post-war period, the tariff became distinctly more diversified, and rates were increased from time to time as the need for additional revenue dictated. Successive steps brought the general rate from 5 percent ad valorem previous to 1916 to 7½ percent in 1916, to 11 percent in 1921, and to 15 percent in 1922. It remained unchanged at this level until 1931, and now averages 30 percent ad valorem.

During the period 1858 to 1923, the tariff policy of India was dictated by the Secretary of State for India, who was empowered by Parliament to "superintend, direct, and control" all matters relating to the revenues of India. In this connection, it may be recalled that, as a unit of the British Empire, India is neither a Dominion nor a Crown Colony. Its government is administered by a Governor General who is also the Viceroy and, as such, the personal representative of the British Crown, responsible alone to the Secretary of State for India, who, in turn, is responsible directly to Parliament.

Recognized Need of Reform

The long and insistent demand in India for a revision of tariff policy found expression in official circles during and after the First World War. The Montague-Chelmsford Commission was appointed by the British Parliament to report on Indian Constitutional Reforms. The report of this Commission formed the basis for the Government of India Act of 1919, later superseded by the Government of India Act of 1935. Concerning the tariff of India, the Montague-Chelmsford Report contained this comment:

> Connected intimately with the matter of industries is the question of the Indian tariff. The changes which we propose in the Government of India will still leave the settlement of India's tariff in the hands of a Government amenable to Parliament and the Secretary of State; but, inasmuch as the tariff reacts on many matters which will henceforth come more and more under Indian control, we think we should put forward, for the information of His Majesty's Government, the views of educated Indians on this subject * * * The theoretical free trader, we believe, hardly exists in India at present. Educated Indian opinion ardently desires a tariff. It rightly wishes to find another substantial base than that of the land for Indian revenue, and it turns to a tariff to provide one. Desiring industries which will give him Indian-made clothes to wear and Indian-made articles to use, the educated Indian looks to the example of other countries which have relied on tariffs.
>
> Whatever economic fallacy underlies his reasoning, these are his firm beliefs; he may be willing to concede the possibility that he is wrong, but he will not readily concede that it is our business to decide the matter for him.
>
> So long as the people who refuse India protection are interested in manufactures with which India might compete, Indian opinion cannot bring itself to believe that the refusal is disinterested or dictated by the best interests of India.

The Joint Select Committee of Parliament which examined the Government of India Bill of 1919 commented as follows:

> Nothing is more likely to endanger the good relations between India and Great Britain than a belief that India's fiscal policy is dictated from Whitehall in the interests of the trade of Great Britain. That such a belief exists at the moment there can be no doubt. That there ought to be no room for it in the future is equally clear.
>
> A satisfactory solution of the question can only be guaranteed by the grant of liberty to the Government of India to devise those tariff arrangements which seem best fitted to India's needs as an integral portion of the British Empire.
>
> Whatever be the right fiscal policy for India, for the needs of her consumers as well as for her manufacturers, it is quite clear that she should have the same liberty to consider her interests as Great Britain, Australia, New Zealand, Canada, and South Africa.
>
> The Secretary of State should, as far as possible, avoid interference on this subject when the Government of India and its Legislature are in agreement, and his intervention, when it does take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangements within the Empire to which His Majesty's Government is a party.

Fiscal Autonomy for India

The principle of fiscal autonomy for India was accepted by the British Government on June 30, 1921, and the Indian Fiscal Commission was appointed in October of the same year. The Commission's findings, published in 1923, were that the industrial development of India had not been commensurate with the size of the country, its population, and its natural resources; that a considerable further development would yield great advantages to the country; that the case for protection in India was strong (an agricultural area with abundant raw materials and ample sources of cheap labor and potential power); that the large and important jute, steel, and cotton industries of India had proved the

possibility of turning India's natural advantages to account; and that the necessity of raising a large revenue from customs duties (the principal source of Central Government revenue, amounting to more than one-third of the total) must inevitably lead India to a policy of protection, regardless of choice.

The Commission recommended a policy of discriminating protection and the establishment of a permanent Tariff Board to investigate the claims to protection of particular industries, to scrutinize the tariff, and to advise the Government on its operation. Concerning Imperial preference the Commission recommended that no general system of preference should be introduced but that the question of adopting a policy of preferential duties on a limited number of commodities should be referred to the Indian Legislature after preliminary examination of the several cases by a Tariff Board; that, if a policy of preference should be adopted, its application should be subject to approval of the Legislature, should in no way diminish the protection required by Indian industries, or involve, on balance, any economic loss to India; and that such preference as it was found possible to extend to the United Kingdom should be a gift, but that, in the case of other parts of the Empire, preference should be granted only by agreements, mutually advantageous, on a voluntary basis and in the interests of India.

The recommendations of the Fiscal Commission were accepted, in principle, by the Indian Legislative Assembly with the proviso that regard must be had for the financial needs of the country and for the present dependence of the Government on import, export, and excise duties for a large part of its revenue.

Beginning in 1924, protective duties were established on iron and steel, printing and writing paper, matches, cotton piece goods, wheat, heavy chemicals, silver thread and wire, sugar, wood pulp, rayon piece goods, raw silk, silk piece goods, and other commodities. During this period there was a significant change in the composition of India's import trade. Finished goods accounted for 84 percent of the total value of imports in 1920–21; by 1936–37 the percentage had declined to 75 percent. There was a striking fall in the physical volume of imports of cotton piece goods, iron and steel manufactures, and cement; an almost complete disappearance of imports of sugar, soap, and matches; and a remarkable increase in the volume of inland trade in these articles. Even more indicative was the steady increase in the share of industrial raw materials from 5 percent to 16 percent of total imports.

The accompanying table gives some indication of the progress of certain protected industries between 1922–23 and 1939–40.

Imperial Preference

Imperial preference was first introduced into the tariff policy of India in a trade agreement between India and the United Kingdom signed at Ottawa, August 20, 1932. Prior to that time, except

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Blankets of pleasing design, made by Indian villagers from the wool of sheep that they have shorn, are taken out for sale by the weavers themselves.

for the differential duties adopted in 1927 and 1930, respectively, on the protected classes of iron and steel and cotton piece goods, accordingly as they were of British or non-British origin, and the preferential treatment of British imports in the decade 1848 to 1859, India had maintained, on the whole, an open-door tariff policy.

The question of Imperial preference began to take practical shape in the British Empire in 1897 when Canada reduced its duties on British goods. The question came before the Colonial Conference of the British Empire in 1902. The Government of India did not favor preferential treatment. It was felt that it would create difficulties in Indian finances, because so large a proportion of India's imports came from the United Kingdom; that such preference as could be given would be of little advantage to India or the United Kingdom; and that, whereas India had little to gain from a policy of preference (so large a proportion of its exports were goods which were in world demand and found markets ready made), it had much to risk or lose should other nations retaliate.

As a result of the impetus given by the First World War to the policy of consolidating the Empire, the question of Imperial preference was reexamined and, from 1917 on, in one form or another, was before the Government of India.

Production

Year	Steel (ingots)	Cotton piece goods	Sugar (direct from cane)	Matches	Paper
	Thousand tons	*Million yards*	*Thousand tons*	*Thousand gross*	*Thousand tons*
1922–23	131	1,725	24	800	24
1939–40	1,070	4,013	1,242	22,000	70

The Ottawa Agreement

An "Import Duties Act" enacted in 1932 by the United Kingdom imposed a duty of 10 percent on all imported commodities which were not subject to duty under earlier acts or not included in the Free List attached to the Act of 1932. Products of the Dominions were exempted from the new duties until November 15, 1932, after which date these products were to become subject to the 10 percent duty unless exemption had been accorded for a further period. Faced with the prospect of being placed at a disadvantage as compared with other Empire areas as a result of additional duties on its exports to the United Kingdom, India negotiated the Ottawa Agreement with the United Kingdom. It became effective January 1, 1933.

On the Indian side, all commodities subject to protective duties and duty-free commodities or goods admitted at especially low rates of duty were excluded from the agreement on the broad ground of national policy. Preferential rates were not specified because it was considered essential, since customs were the mainstay of Government finance, that the Government should retain freedom to determine rates from time to time, according to revenue needs. A margin of preference (10 percent) was fixed to be attained by reduction of duties on British goods, increase of duty on foreign goods, or a combination of both methods. Preferential rates were established on about 40 tariff categories of goods. The agreement provided for an exchange of preference with the non-self-governing colonies and protectorates.

In January 1935, a Supplementary Agreement was concluded between the two countries, and, in March 1936, the Indian Legislative Assembly recommended that the Ottawa Agreement be terminated and the possibility of entering into bilateral treaties with various other important countries in addition to the United Kingdom be explored. Notice of denunciation of the Ottawa Agreement was given May 13, 1938, and a new agreement, which is still in effect, was signed in London on March 20, 1939.

Narrowed Preference, 1939

The Agreement of 1939 considerably narrowed the preference granted by India to the United Kingdom, excluding articles of food, drink, tobacco, and raw materials or semimanufactured articles which were entitled to preference under the previous agreement. This was considered a gain to India, because competition between Indian producers and foreign manufacturers was probably keener in these categories than in the category of manufactured goods. Under the new agreement signed in 1939, the majority of the items on which preference is given the United Kingdom are specialized products not then manufactured in India or, as regards other products, to special varieties produced in India only in negligible quantities. Certain preferential heads were redefined so as to exclude, in the interest of the Indian con-

sumer, a number of commodities which were formerly included under these categories.

Present Import Tariff

With the introduction of Imperial preference, the customs import tariff of India was transformed from a single- to a four-column schedule. Three sets of preferential rates now are accorded, respectively, to specified goods from the United Kingdom, a British colony, and Burma. The last-named country, formerly a Province of British India, enjoyed reciprocal free trade with India after the separation of the two countries in April 1, 1937. In April 1941, an arrangement was made by which each country guaranteed to the other, in case duties were imposed, a position of especial advantage. Many commodities continued to be on the free list in both countries.

Preferential rates are now accorded the United Kingdom on goods covered by approximately 20 tariff subitems in the total of approximately 260; and to the British colonies, on goods covered by approximately 28 subitems. The latter commodities are chiefly foodstuffs and staple products of the colonies. No preferences are extended to the Dominions.

The tendency has been toward a restriction of the number of categories of goods subject to preferential rates, but the margin of preference has tended to widen.

Protective duties apply to approximately 40 categories of the Indian import tariff schedule. Protective rates are fixed for specified periods. Present rates expire March 31, 1946, subject to renewal according to the condition and prospects of the industry concerned.

Tariff Changes for Revenue

Changes have been made at times in the Indian tariff on purely technical grounds and again on broad grounds of national policy, but principally they have been dictated by revenue considerations. In nearly all such changes, the additional taxation has fallen on one or another of the same group of articles: Cotton piece goods, sugar, liquors, tobacco, kerosene, matches, and silver. Except for liquor and tobacco, these are articles of general consumption with a comparatively inelastic demand and are proved producers of revenue, comparatively stable in times of depression. Liquor and tobacco, as luxury items, were considered suitable for especially heavy taxation.

A duty on silver is an old feature of the Indian import tariff. Silver is a favorite form of investment, and the habit of putting money into it is fairly widespread and deeply rooted among the masses of India. The demand is governed more by the general prosperity of the agricultural population than by the price. Even a small duty, therefore, has been found capable of yielding a large revenue.

Prior to 1935, changes in the tariff of India were effected by amendments to the Indian Tariff Act of 1894. This succession of amendments extended over a period of 40 years. The tariff laws were consolidated January 1, 1935, and the tariff items rearranged in accordance with the scheme of classification evolved by the Economic Committee of the League of Nations.

The present average standard (nonpreferential) rate of import duty is 30 percent ad valorem. The range of rates generally extends from 10 percent (the rate on most types of machinery) to 60 percent (the rate on most luxury goods).

Few Export Duties

Export duties, levied solely for revenue at generally low uniform rates on practically all classes of exports, had been an integral feature of the early tariff policy of India. By 1880 all but the duty on rice had been abolished. Export duties exist now only on jute, rice, and (since 1944) on cotton cloth and yarn. Small export taxes known as "cesses" are collected on specified goods, at export, for specified purposes in connection with the industry producing the goods so taxed.

More Excise Taxes

Excise taxes are levied on about 15 widely used commodities produced or manufactured in India. An increasing use of excise taxes and a trend toward enlargement of the scope of direct taxation generally have been features of the war years, during which period customs duties have materially declined in importance. A continuation of this trend is anticipated—which should have the effect of decreasing the undue dependence of the Government budget on customs receipts.

The Finance Member of the Government of India (then Sir Jeremy Raisman) discussed this subject in February 1944, when introducing into the Indian Legislative Assembly the budget of the Central Government for the current fiscal year. He expressed the view that although, in the immediate postwar years, customs receipts may soar to unprecedented heights as a result of the importation of capital goods and urgently needed consumer goods of all kinds and may remain high for a number of years, "with growing industrialization this source of revenue can hardly be expanded and may, indeed, appreciably contract, particularly if the customs tariff should be given a more positive protective complexion; moreover, there are decided objections to burdening capital goods and raw materials with too high rates of duty."

He looked for increasing reliance on central excise taxes as an instrument of commodity taxation and suggested expansion of the sales or turn-over tax as another possible major development in the field of indirect taxation. This type of taxation is not used on a national basis in India.

Of interest in the light of the recent declaration of industrial policy by the Government of India is the statement made by the Finance Member on the same occasion concerning the extension of State ownership of industries as a source of additional revenue: "It may well be that in the future the State may find it necessary to nationalize certain industries, especially those with large possibilities of expansion, in order that it may have at its disposal additional sources of income for the sustenance of national well-being as a whole."

What Will Future Policy Be?

Indian public opinion has been calling for the industrialization of India on a larger scale for more than half a century. Considerable expansion of industry resulted from the First World War, and a much greater development has occurred as a result of the present war. In the intervening years a number of industries made important progress. Postwar planning contemplates a concentration on comprehensive and rapid industrialization, and India is in a better position to accomplish this step than ever before in its history. There are, however, formidable obstacles tending to retard the speed of industrialization. How rapidly and in what measure the goal can be attained is debatable. The purpose is there; and fiscal policy will be shaped to the desired end, subject to modifications imposed by external and internal conditions.

For the last year or more, statements from Indian postwar planners, official and unofficial, and the sentiment of the nationalist economic press of India, have emphasized the importance to that country of tariff protection for domestic industries, especially war-born and prospective key industries established to meet essential national wants. To attain this objective, planners have proposed the enlargement of the powers and activities of the Indian Tariff Board. The Federation of Indian Chambers of Commerce has recommended suitable machinery similar to the ad hoc Committee, under the Safeguarding of Industries Act in the United Kingdom, to consider the claims of new (particularly war-born industries) to protection without recourse to the Tariff Board. A tendency to favor bilateral as against multilateral agreements has been evident. However, the latter, qualified by suitable safeguards for India's needs, have found some favor as an alternative.

Planners appear to agree that in embarking on extensive industrialization, India must be free to adopt whatever methods may be essential for its industrialization "irrespective of current economic doctrine in industrially advanced countries" and to encourage indigenous industries by "reasonable protection." There has been a tendency to stress the unimportance of foreign trade to India as compared with its internal trade. The contribution of India to world trade in 1938 was 2.6 percent of total imports and 3.4 percent of total exports.

In relation to demands for enlargement of the powers and activities of the Tariff Board, the Eastern Economist (an Indian publication generally credited with reflecting the standpoint of Indian industry) in its issue of March 9, 1944, expresses the view that the new Tariff Board should resemble the old in name only; that the old Board was defective

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U.S. Trade With India—

Past Records Form a Basis for Calculations of Potentialities

By GRACE F. WITHEROW, *International Trade Unit, Bureau of Foreign and Domestic Commerce*

UNITED STATES TRADE WITH INDIA has shown a marked increase during the war years. Total exports increased from an annual average of slightly less than $35,000,000 in the 3-year prewar period 1936–38 to $777,000,000 in 1944, primarily as a result of large shipments of lend-lease supplies. Lend-lease shipments amounted to $727,000,000 in 1944 and cash-purchase exports to $50,000,000. Similarly, imports from India rose from an average value of slightly less than $75,000,000 in 1936–38 to approximately $145,000,000 in 1944, the advance in commodity prices accounting for much of the rise. Import figures for 1944 include items furnished by India as reciprocal aid. The export trade showed a steady marked increase in 1940 through 1944, whereas imports advanced in 1940 and 1941, dropped off in 1942, and again showed increases in 1943 and 1944.

Trade between the United States and India during the war has constituted an increased part of the total international trade of both countries. United States exports to India, which in prewar years comprised slightly more than 1 percent of this country's total exports and from 6 to 7 percent of India's total imports, increased to 5 and approximately 17 percent, respectively, of total trade in the 3-year period 1942–44. Imports of Indian goods into this country likewise showed increases, rising from 3 percent of total United States imports before the war to 4 percent in 1942–44 and from an average of 8.5 percent of India's total exports to 18 percent. United States shipment of supplies to the Allied forces in India for offensive operations against Japan and discontinuance of trade with Germany and Japan, both important in prewar trade with India, has increased the dependence of both the United States and India on the products of each other.

For many years before the war United States purchases from India, in terms of value, have exceeded India's purchases from the United States. When lend-lease shipments are excluded as falling outside the scope of commercial transactions and reciprocal aid from India in 1944 also is deducted, trade with India has shown an excess of imports in each war year, which in 1943 and 1944 reached substantial amounts.

Commodity Shifts

EXPORTS

Military equipment[1] comprised the main exports to India from 1942 to 1944. Such goods, with a value of $406,000,000, represented 52 percent of total exports to that country in 1944, a slightly smaller proportion of the trade than in the preceding 2 years.

Exports of machinery valued at $86,000,000, motortrucks and other automobiles and parts valued at $48,000,000, heavy iron and steel at $32,000,000, petroleum products at $24,500,000, and railway cars at $16,000,000, made up an additional 27 percent of the 1944 total. Exports of foodstuffs, including meats, evaporated milk, and canned vegetables, ordinarily negligible in the trade, totaled $55,000,000 in 1944. Medicinals and preparations, also showing marked gains as compared with prewar shipments, reached a value of nearly $11,000,000.

The larger part of each of these leading exports went to India as lend-lease supplies.

Cash-purchase exports in 1944, valued at $50,000,000, consisted, to the extent of 60 percent, of machinery, tobacco, medicinals and preparations, paper, coal-tar products, soap and toilet preparations, sawmill products, and advanced manufactures of iron and steel. Military equipment, with a value of $3,159,000, also ranked high among cash shipments. Exports of each of these commodities exceeded those of the prewar year 1938, with a moderate increase for machinery and substantial gains for each of the other commodities. The rise in United States coal-tar dyes and medicinals represents to a large extent replacement of German products, and the advance in lumber derived from large shipments of box shooks to be employed instead of plywood formerly used by the tea industry for making chests and secured mainly from Scandinavia, the Baltic countries, and Japan. Writing paper, principally, and wrapping, tissue, and book paper accounted mainly for the gain in paper and related products, and dental creams and hair lotions and other preparations showed marked expansion among toiletries. Cash exports of automobiles in 1944 consisted largely of motortrucks and parts for replacement; whereas in 1938 passenger cars composed the more important item.

IMPORTS

Table 4 shows quantity and value of the leading commodities imported from India in 1942, 1943, and 1944, as compared with 1938.[2] These figures indicate a large proportion of Indian supplies in United States imports of many products, with further increases during the war. There was an uneven flow of trade from India, particularly in 1942 and 1943, and marked influence of price advances on the value. Shortages of shipping facilities and supplies account for these developments.

Burlap, jute bags, and unmanufactured jute, valued at nearly $65,000,000, comprised 45 percent of the total value of imports from that country in 1944, a slightly smaller proportion than in 1938. Value of imports of burlaps doubled as compared with the prewar year, although other commodities registered more marked increases. Quantity of burlaps showed marked gains in both 1943 and 1944 compared with the low imports of 1942 but did not arrive in either year in amounts as large as in 1938.

An orderly distribution of available supplies of Indian tea by the British Commonwealth made possible larger importations into the United States. Imports of tea increased fourfold in both 1943 and 1944 as compared with 1938. India tea comprised 62 and 60 percent, respectively, of United States imports of tea in 1943 and 1944, as compared with 35 percent in 1942 and 15 percent in 1938.

United States imports of shellac in 1944 came almost 100 percent from India. Indian supplies doubled in quantity and showed an advance of nearly 700 percent in value, as compared with 1938. Imports of crude lac, although dropping to only about three-fifths the quantity of 1938, showed an advance in value. Imports of cashew nuts, barely one-half as large as in 1938, more than doubled in value. Mica films and splittings increased by 75 percent in quantity in 1944 as compared with 1938, and by more than 600 percent in value. Imports of raw cotton, carpet wool, and carpets and rugs dropped off sharply in 1943 but showed considerable expansion in 1944.

[1] Military equipment includes aircraft, military tanks, explosives, firearms, and other strictly military items.

[2] The figures for 1944 include reciprocal aid received from India. United States import statistics showing these amounts separately are not yet available. However, the Foreign Economic Administration reports total value of all merchandise procured under reciprocal aid arrangements for shipment to United States as follows: Total aid, $45,400,000, burlaps $24,500,000, jute $7,400,000, mica $4,400,000, tea $1,700,000, rubber $1,600,000, jute bags $1,600,000, goat skins $2,100,000 and shellac $1,300,000.

TABLE 1.—*United States Merchandise Trade With British India* [1]

[Values in thousands of dollars]

Yearly average or year	Export (including reexports to British India) [1]		General imports from British India [1]	
	Value	Percentage of total U. S. exports	Value	Percentage of total U. S. imports
1911–15	12,731	0.5	59,856	3.4
1916–20	53,043	.8	126,711	3.6
1921–25	38,188	.9	109,020	3.2
1926–30	53,512	1.1	136,869	3.4
1931–35	28,067	1.4	50,509	2.9
1936–40 [2]	43,047	1.3	78,652	3.2
1934	27,442	1.3	55,082	3.3
1935	31,424	1.4	61,981	3.0
1936	26,807	1.1	70,340	2.9
1937	43,747	1.3	95,942	3.1
1938	33,441	1.1	58,374	3.0
1939	42,811	1.3	66,401	2.9
1940	68,428	1.7	102,204	3.9
1941:				
Total	98,162	1.9	131,510	3.9
Lend-lease	8,562	1.2		
Cash	89,600	2.0		
1942:				
Total	377,793	4.7	105,120	3.8
Lend-lease	287,272	5.8		
Cash	90,521	2.9		
1943:				
Total	554,698	4.3	125,837	3.7
Lend-lease	525,249	5.1		
Cash	29,449	1.1		
1944:				
Total	777,253	5.5	144,898	3.7
Lend-lease	726,870	6.4		
Cash	50,383	1.7		

[1] Includes Burma through the year 1937.
[2] Includes Burma 1936 and 1937.

TABLE 2.—*United States Trade With India and Dependencies: Total Exports, Including Reexports, Cash Exports, and General Imports, 1936–38 Quarterly Average, and Quarterly Totals, 1941–44*

[In millions and tenths of millions of dollars]

Year and quarter	Exports, including lend-lease	Cash exports	General imports
Yearly totals:			
1936–38 average [1]	34.7	34.7	74.9
1941	98.2	89.6	131.5
1942	377.8	90.5	105.1
1943	554.7	29.4	125.8
1944	777.3	50.4	144.9
Quarterly totals:			
1936–38 quarterly average [1]	8.7	8.7	18.7
1941—January–March	26.2	26.2	25.9
April–June	20.6	20.6	24.9
July–September	26.4	21.9	34.4
October–December	25.1	21.0	46.3
1942—January–March	50.4	28.1	37.2
April–June	80.5	24.0	31.1
July–September	113.5	22.1	19.2
October–December	133.5	16.5	17.5
1943—January–March	88.2	7.9	28.6
April–June	113.7	6.4	31.8
July–September	160.2	7.2	31.2
October–December	192.5	7.9	34.2
1944—January–March	150.6	10.7	28.9
April–June	241.4	11.8	43.9
July–September	172.4	12.7	33.8
October–December	212.8	15.1	38.3

[1] Includes Burma in 1936 and 1937.

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TABLE 3.—*United States Exports of Principal Commodities to India and Dependencies, Total, Including Lend-Lease, and Cash Purchases, With Percentage Distribution*

[Values in thousands of dollars]

Commodity	Total exports, including lend-lease					Cash-purchase exports				
	1938	1941	1942	1943	1944	1938	1941	1942	1943	1944
Domestic exports, total	33,377	97,794	377,649	554,304	775,246	33,377	89,232	90,377	29,366	48,382
Military exports	139	9,588	211,960	325,474	405,967	139	4,473	55,178	5,368	3,159
Machinery [1]	6,718	15,938	22,197	67,769	85,985	6,718	15,654	6,066	3,383	7,747
Electrical machinery and apparatus	2,477	3,740	6,332	14,707	23,812	2,477	3,740	1,682	1,201	2,369
Industrial machinery	3,928	11,241	15,183	48,707	50,962	3,928	10,957	4,189	2,146	5,098
Steam locomotives and parts	66	174	1,018	15,427	18,468	66	174	54	35	73
Metalworking machinery, tools, etc	1,245	4,713	6,062	9,481	10,080	1,245	4,507	1,755	468	1,714
Cranes	121	151	383	1,428	6,089	121	115	15	153	169
Agricultural machinery and implement, including tractors	313	957	682	4,355	11,211	313	957	195	36	280
Automobiles, parts, and accessories	5,072	11,828	34,509	12,652	47,987	5,072	9,110	1,615	383	986
Motortrucks, busses, and chassis (new)	2,351	7,207	29,146	10,631	28,016	2,351	4,878	491	34	926
Parts for replacement	819	2,623	3,427	1,748	18,259	819	2,593	935	348	208
Iron and steel-mill products	1,615	7,843	29,746	42,951	32,403	1,615	7,750	3,493	717	960
Iron and steel advanced manufactures	676	4,230	3,479	4,879	5,784	676	4,068	1,882	1,430	1,892
Petroleum and products	2,903	5,438	14,429	15,959	24,506	2,903	5,438	5,464	31	19
Evaporated milk	3	75	3,865	9,026	22,246	3	75		3	195
Meat products	7	76	12,124	4,099	19,480	7	76	1	17	66
Railway and freight cars and parts, excluding axles and wheels	28	8	19	10,103	16,404	28	8	9	5	27
Canned vegetables	59	36	816	2,157	13,633	59	36		5	62
Medicinal and pharmaceutical preparations	1,429	2,941	1,515	5,681	10,952	1,429	2,941	1,282	1,607	3,617
Unmanufactured tobacco	1,803	5,556	4,083	4,197	6,843	1,803	5,556	2,847	3,227	4,751
Merchant vessels			69	1,334	5,743				200	1,000
Paper, related products, and manufactures	362	3,693	2,045	2,807	4,292	362	3,693	1,328	1,914	3,480
Copper and manufactures	621	3,398	5,250	5,757	3,122	621	3,398	499	119	153
Coal-tar products	246	4,120	2,190	2,249	2,911	246	4,120	2,054	2,186	2,858
Soap and toilet preparations	932	179	21	808	2,793	932	179	21	808	2,793
Sawmill products (lumber)	107	966	858	1,022	2,403	107	966	858	931	2,225
Chemical specialties	331	823	688	1,219	2,113	331	823	445	374	685
Cotton manufactures	369	1,962	936	608	1,888	369	1,962	918	260	286
Industrial chemicals	286	2,228	1,355	1,477	1,830	286	2,228	809	591	886
Rubber and manufactures	271	2,460	2,543	3,290	1,769	271	2,459	214	240	336
Photographic and projection goods	694	1,190	284	655	1,076	694	1,190	266	416	821
Pigments, paints, and varnishes	281	905	779	986	1,039	281	905	499	192	140
Raw cotton	2,925	46				2,925	46			
All other United States products	5,500	12,267	21,889	27,145	52,077	5,500	12,078	4,629	4,950	9,238
Reexports, total	65	368	144	393	2,006	65	368	144	82	2,000

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Courtesy Government of India Information Services

Tappers on an Indian rubber estate returning to the factory with their pails of latex.

India's Mineral Resources

The Array Is Manifold and Engrossing—The Economic Value Is In Some Cases Notable, in Others of Less Significance

By WALTER A. JANSSEN, *Chief, Metals and Minerals Unit, Bureau of Foreign and Domestic Commerce*

MINERALS INDIGENOUS TO INDIA embrace a very formidable and almost all-inclusive group, ranging from antimony through zircon. This alpha-to-omega series suggests a great mineral wealth, a self-sufficiency for home consumption, and an exportable surplus.

An economic analysis and review of each one of the mineral resources in relation to associated minerals and the national economy resolves these numerous commodities into several definite groups—too much, not enough, and those for which there is only an occasional demand and interest, especially present in times of war.

This unbalanced situation over the years has served to stimulate trade in metals and minerals to such an extent that India has long since occupied the unique position of being a metal-exchange trading post. The trading in the "have" minerals for the "have nots," although never large, has been substantial. Long and expensive railings from mines to ports and a lack of maritime tonnage are barriers to the development of a greater export trade.

The tales about the fabulous mineral wealth of India have proved to be a lure and a source of interest since time immemorial. The shift in such interest has varied greatly through the ages and has ranged from gold and precious stones to "black gold" and other minerals equally as mundane as petroleum.

A recital of the very great interest in India's mineral wealth in remote times includes names and events associated with records of antiquity. About 1000 B. C., the gold that was fetched from Ophir by Solomon's navy originated in India; according to Herodotus India in 570 B. C. paid tribute in gold to Darius; Alexander and his Macedonians, however, failed to find gold in 320 B. C. About 300 years ago Golconda was the great market for Indian diamonds. "Chinese" jade came from Burma. There seems to have been little interest in silver until about A. D. 1400, when the Chinese extracted silver from argentiferous galena, leaving behind slags rich in lead and zinc for the metal artificers of another age to work out the processes of recovery.

Many trade routes were established because of the early quest for the mineral wealth of India. Communications between Europe and India by sea seems to have ended early in the Christian era when the Romans withdrew from the Red Sea. Then for over a thousand years all trade was overland until the Portuguese arrived in India in the fifteenth century.

The "blades of Damascus," the "pillar of Delhi," and the "brasses of India" give evidence of a very early interest in and knowledge concerning the base metals, iron, copper, zinc, and lead by skilled artisans. Mine exhaustion and other causes have been the occasion for an erstwhile interest to lapse and pass on from one mineral to another one for which a new interest or demand has been created. It is these changes in interest and demand that have so greatly contributed to the development of the mineral industry of India.

Although India has been officially separated from Burma since April 1937, peninsular India and Burma must be taken together when reviewing the mineral resources because of an interdependence for minerals indigenous to the respective areas.

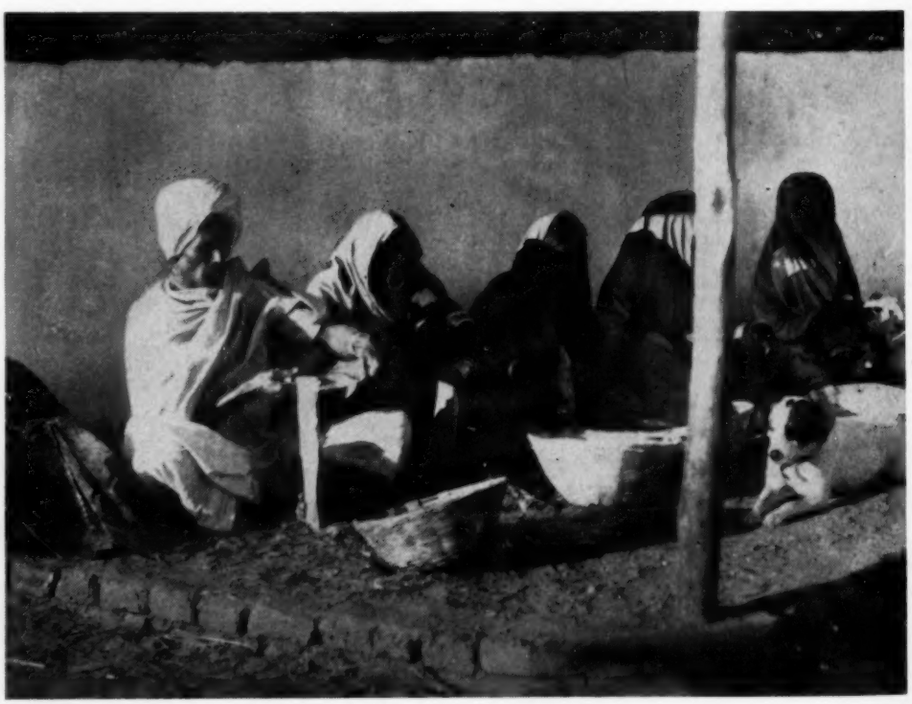
The availability of coal, iron, and petroleum are said to be true measures of the industrial prosperity of a country. To these may then be added minerals used as construction materials, which include clays, stone, marble, gypsum for buildings and roads, and other industrial minerals which are incidental to the metal-working industries.

Coal

Coal is India's most important mineral industry. India comes ninth on the list of the world's coal-producing countries and, with 2 percent of the total world production, affords employment to about 200,000 persons. Production of about 30,000,000 tons per year gives India the rank of second largest producer in the British Empire, yielding place only to the United Kingdom.

According to the present knowledge of the deposits, India appears to have an insufficient supply of coking coal to smelt the principal ore deposits by present methods, but there is probably sufficient within a reasonable distance of the potential ore supply to last for 100 years at the present and "nearby future" rates of consumption.

The principal source of coking coal is the Jharia coal fields in Bihar and Orissa, which field has an estimated reserve of 2,300,000,000 long tons of coal suitable for the producing of metallurgical coke. A break-down of estimates of total coal



Cutting mica in India.

reserves shows 2,632,000,000 tons of coking coal, out of a grand total of 36,311,000,000 tons of coal of all kinds and usable grades, after allowing one-third for losses. Next to Jharia in importance, for all kinds of coal, are the Raniganj and the North Karonpura fields. There is another large bituminous field in northeastern India around Darjeeling in Assam, but the coal is not of good quality. Large reserves of sub-bituminous coal and lignite are found in many parts of India.

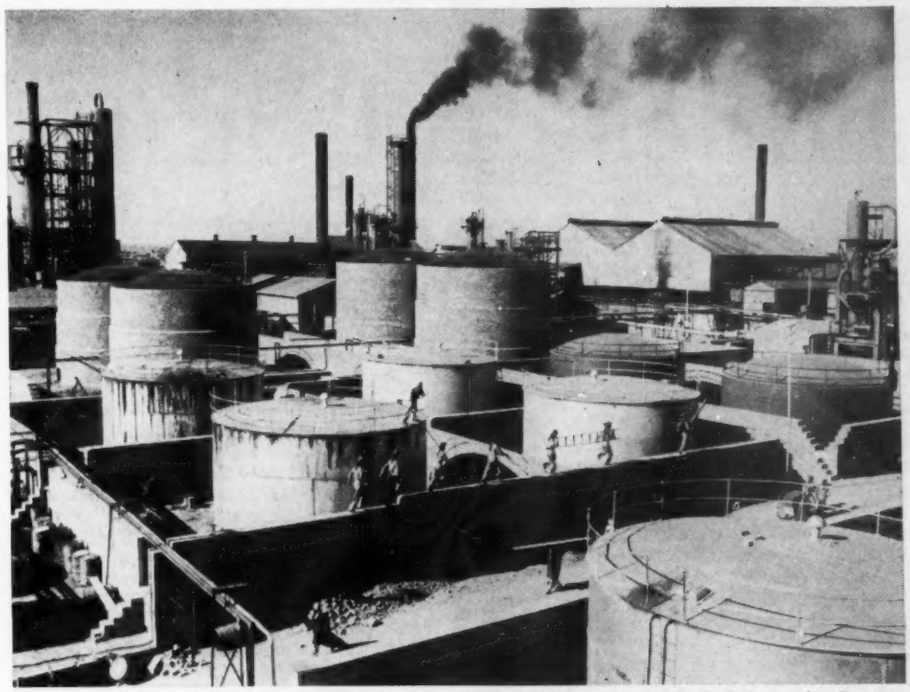
India produces enough coal for its own industries and is able to export enough to take care of its neighbors and also to supply bunker coal to ships. Production totaled 23,836,113 metric tons in 1935 and 28,214,500 tons in 1939. Exports in the respective years were 219,259 and 1,697,918 metric tons. The apparent consumption, after deducting for small imports, totaled 23,232,170 and 26,564,000 tons for the respective years of interest.

The railroads are the principal consumers, taking about one-third of the output, followed by the steel industry which takes about 2,500,000 tons—from which 1,775,000 tons of metallurgical coke is obtained. The remainder is distributed among factories, public utilities, small industrial concerns, the shipping industry, and exports. Household consumption is about 2,000,000 tons per year—an almost negligible amount for more than 400,000,000 people. The use of coal and coke is supplemented by charcoal. The blast furnace in Mysore uses charcoal obtained from the Mysore State forests, in lieu of coke for the production of pig iron.

Iron Ore

Deposits of iron ore of very high grade exist in many parts of India; exceptionally accessible locations are in Bihar and Orissa. It is here that the center of the iron and steel industry is located, and the deposits are known as the "Iron Belt." The principal workings are located from 120 to 200 miles west of Calcutta and 20 to 30 miles south of the main line of the Bengal-Magpur Railway between Calcutta and Nagpur. Practically all supplies of ore are taken from open-cut pits; expensive deep-mining operations will not have to be resorted to for many years. It has been estimated that iron-ore deposits in the Singhbhum district, Keonjahr State, Bonai State, and Mayurbhanj State in Bihar and Orissa aggregate 3,600,000,000 metric tons.

These deposits are remarkable for the enormous tonnages of extremely high-grade ore, and they may be considered the richest and largest in the world. Practically the whole of the ore is hematite, and no quantity of magnetite has been located in the ore bodies. The Kohlar hematites usually contain 64 percent iron with phosphorus ranging from 0.03 to 0.08 percent, and sulfur usually below 0.03. Samples taken from the better parts of the ore bodies assay as high as 68 to 69 percent iron. (High-grade ores from our own Mesabi Range average about 52 percent iron). The reserves previously recited are exclusive of the deposits in Burma, Central Provinces, Mysore, and the other Provinces and States which in the aggregate are relatively small.



Courtesy Government of India Information Services

One of India's petroleum refineries.

Annual production of iron ore for pig iron is about 3,000,000 tons. India lacks both highly skilled labor and a nearby potential Indian market sufficient to warrant a great expansion in the iron and steel industry for some time to come—ample supplies of coal, iron ore, manganese, and fluxes notwithstanding. (This, at least, is the judgment of the present writer.) India's per capita consumption of iron and steel is very low, the approximate figure of 14 pounds (0.007 short ton) being cited as the lowest of any country except China. Despite this, India with a population of more than 400,000,000 persons, 42,000 miles of railroad, and growing manufactures consumes about 2,500,000 tons of iron and steel products of home and foreign origin and exports about 500,000 tons of pig iron each year, of which the major part has been exported to Japan (as well as a considerable tonnage of iron ore).

Petroleum

The principal oil-producing areas in India are located in the extreme ends of the Indo-Gangetic alluvium at Digboi in Assam and in the Attock district in the Punjab, southwest of Rawalpindi. There are refineries in both areas. The Digboi oil is particularly rich in paraffin. South of Digboi in the Surma Valley of Cachar are two other fields, Badapur and Maisipur. In Attock, petroleum is produced from two fields, Khaur and Dhulian. Production from all fields in 1939 totaled 2,327,000 barrels.

The principal producing areas in Burma are located at Yenangyuang and Singu, sometimes called Chauk. Burma production in 1939 from all fields totaled 7,873,000 barrels, or about four times the output of peninsular India. The Burmese refineries are located at Syriam, Thilawa, and Seikgyi in the Rangoon area.

The major portion of the Burmese production is exported because the requirements for home consumption are relatively nominal. Since the separation from Burma in 1937 the Indian production has been supplemented by imports. The indicated demand by India in 1939 totaled 15,239,000 barrels, an amount equivalent to domestic production (2,327,000 barrels) plus imports totaling 13,514,000 barrels and with exports of 602,000 barrels.

Manganese Ore

Equal in importance to iron ore and coal for the production of iron and steel stands manganese. India is one of the principal sources of the world's supply of manganese ore and is the world's second largest producer, yielding place only to the Soviet Union.

The principal areas in which manganese ore are mined, in the order named, are the Balaghat, Nagpur, and Bhandara districts in the Central Provinces; Sandur State and Vizagapatam in Madras; the Panch Mahals district in Bombay, Singhbhum district in Bihar, and the adjoining States of Keonijahr and Bonai. About two-thirds of the manganese is mined in the Central Provinces.

The ores are mixtures of psilomelane, braunite, and pyrolusite and tend to form hills, so that quarrying is easily and cheaply carried on by gangs of unskilled labor. Many of these ore bodies are very extensive.

(Continued on p. 56)

Hides and Skins in India

World's Most Important Producer and Exporter

By J. G. SCHNITZER, *Chief, Leather Unit, Bureau of Foreign and Domestic Commerce*

DESPITE increased domestic consumption, India will continue, for many years to come, to be the leading exporter of those essential raw materials—hides and skins. India still has more livestock than any other country, and the potential future supplies of hides and skins assure that country of retaining its position as the leading producer and shipper even if there is no substantial increase in the rate of slaughter. It is expected that future exports will have an even *wider* distribution on world markets than is the case at present; also that foreign buyers will compete aggressively for the exportable surplus of Indian hides and skins. Declines in livestock in former important hide-and-skin exporting countries and increased domestic consumption of these raw materials in others indicates some shrinkage in the volume of international trade in these products during the years immediately ahead.

Noteworthy is the fact that even in normal years most of the important leather-producing countries depended to some extent upon foreign sources of supply for raw hides and skins. This dependency increased during the war years, because leather is credited with being the seventh most important world commodity in wartime, soldiers consuming three times as much of it as civilians. To assure sufficient leather equipment for their armed forces, most of the warring nations found it necessary to restrict civilian consumption. Countries such as the United States and the United Kingdom not only found it necessary to ration leather footwear but also to restrict the end-uses of leather during the war years. This and other factors created a substantial backlog in the demand for leather and will result in more acute competition for the available supply of hides and skins in world markets in the immediate future.

Trend in Livestock Numbers

By reason of the lack of complete official data, and because the size of area makes it difficult to obtain reliable overall estimates, it is very difficult to chart any trend of the livestock population of India for recent years. In many parts of the country animals are permitted to roam freely so that even an official count is very difficult to make. The Government census of livestock is taken on a quinquennial basis only, and even this is not as complete as might be expected, because of the factors already noted. There is *no doubt*, however, that, as already stated, India has the largest numbers of livestock in the world. Moreover, it is generally believed that less economic use is made of these vast resources than in most other important livestock-producing areas where the numbers are much smaller.

As an indication of the trend in livestock numbers in India during the war years, the most recent reliable estimates have been obtained, and these are based partly on official information, covering the numbers in the country on January 1 of the years 1940 and 1944. From the figures in the accompanying table it will be noted that there has been a decline in the number of older animals of the kind used for meat supply and an increase in the younger ones in all types excepting goat. This was due in part to the increased demand for meat for the military forces in or near India. Because of the general lack of care given the animals, much of the livestock in this area is of poor quality, but in the flocks and herds which *do* receive attention considerable progress has been made in improving the breeds during the past 10 years.

Increased Wartime Slaughter

Hides and skins are byproducts of the meat industry, since nearly all types of animals are generally killed for meat supplies and not to furnish raw material for the leather industry. There has been a very marked increase in livestock

Estimated Indian Livestock Numbers

Livestock	1940			1944		
	British Provinces	Indian States	Total	British Provinces	Indian States	Total
Cattle	83, 300, 908	33, 039, 148	116, 340, 056	81, 615, 020	34, 212, 635	115, 827, 655
Calves	32, 215, 808	14, 233, 691	46, 449, 499	33, 725, 548	15, 067, 415	48, 792, 863
Buffalo	27, 041, 366	8, 132, 796	35, 174, 162	25, 897, 850	7, 912, 492	33, 810, 342
Buffalo calves	12, 053, 300	5, 214, 227	17, 267, 527	11, 007, 115	4, 895, 882	15, 902, 997
Goats	32, 244, 835	15, 104, 966	47, 249, 801	34, 061, 227	16, 584, 937	50, 646, 164
Kids	7, 009, 131	5, 010, 329	12, 019, 460	8, 674, 432	5, 172, 856	13, 847, 288
Sheep	23, 213, 165	15, 778, 613	38, 991, 778	22, 165, 923	15, 276, 125	37, 442, 048
Lambs	5, 306, 920	4, 762, 261	10, 069, 181	6, 012, 230	5, 104, 478	11, 116, 708

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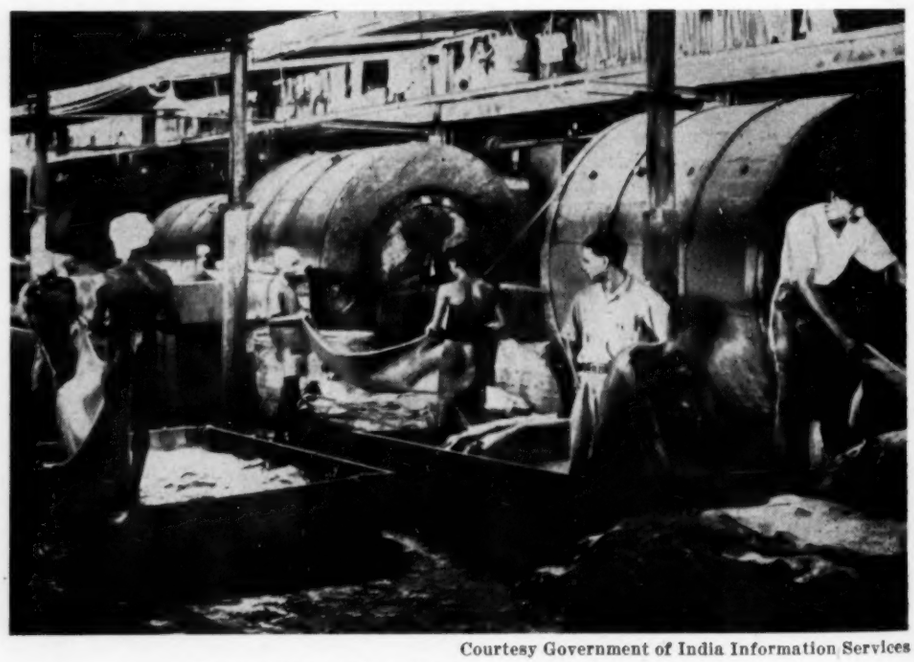


Courtesy Government of India Information Services

Turning hides into leather in a South Indian factory.

Indian Market for U. S. Machinery

By DOROTHY V. KNIBB, *Industrial Projects Unit, Bureau of Foreign and Domestic Commerce*

WITH A STERLING BALANCE in London mounting to unprecedented heights, and with certain groups of the country's vast population evincing an unwonted willingness to invest their money in their own enterprises, India is showing sharp interest in industrialization. Powerful industrial groups and the Government of India, envisioning new periods of growth and change, have made ambitious plans to establish basic industries that will supply the local market and provide surpluses for export of many commodities heretofore imported, entirely or in part, from abroad.

Should these plans be carried to a successful conclusion—or any appreciable part of them become a reality—to what extent may United States machinery manufacturers expect to participate in the Indian market for equipment? What volume of new and replacement business might there be? Would the potential share of the United States in this business presumably be sufficient to warrant modification of selling practices and terms so as to meet conditions in a market in which other countries have long held a favored position?

Intangible Capital Problem

It is too soon to tell whether these plans for industrialization are the result of recurrent surface restlessness, highly localized in character, or whether they are indications of a fundamental change in the Indian people. It is, however, hardly conceivable that a dynamic upheaval has been wrought overnight. It would be too much to expect that from the hereditary apathy of many millions of India's population a quickening of spirit has crystallized suddenly and with definite finality into a will to progress. While more than £1,000,000,000 has accrued to India's account in London, neither all the currency nor what it might buy is available there. Only limited amounts of the sterling can be translated, moreover, into *dollars* for India's purchases outside the sterling area. Nor is it probable that the Indian habit of hoarding, inbred over centuries, will give way abruptly and that quantities of gold will willingly come forth from hiding for use in productive processes.

Since nearly 80 percent of the population is agrarian, the purchasing power of the farmer is of vast importance in influencing the trend toward industrialization. An appreciable increase in this purchasing power can be brought about only through steady effort over a long period of time.

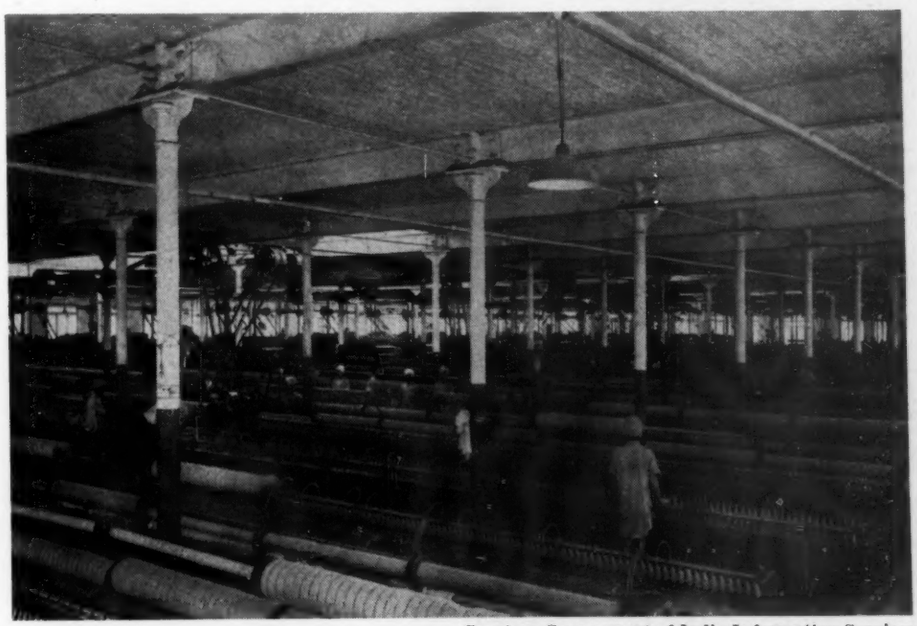
It is not now evident that foreign capital will be welcome in India on terms acceptable to foreign investors. While there is no shortage of manpower, there is available for new industry scarcely a skeleton force of trained workers; nor is there a certainty that sufficient numbers can be trained abroad, or that foreign technicians will be interested in going to India to work under such terms as may be acceptable to Indian nationalists.

Against a background of famine, flood, and debt, of poverty and passive acceptance, India has made considerable progress in industrialization over a period of some 30 years. At the beginning of World War I, few consumer goods were manufactured in India. Today the country's own production makes it relatively self-sufficient in most kinds of iron and steel, tires, cotton textiles, sugar, matches, cement; in practically all kinds of paper except newsprint; in a large proportion of glass, and in telephone and telegraph line equipment; in some of its chemicals and drugs. There is considerable output also in many other lines, and, while the last several years have witnessed the greatest increase in industrial output, much of this progress was made before the war began.

It may be expected, therefore, that the Indian market for machinery will be considerable, if for no other reasons than that a portion of the wartime expansion will become permanent and that replacements generally have not been available during the war period. Realization of the aims embodied in the industrialization program would mean importation of enormous quantities of many kinds of machinery and equipment—dynamos and turbines, textile machinery, mining and construction equipment, road-building machinery, transportation and communication equipment, and capital goods of many varied kinds. If the aims should fall short of realization the needs in the various categories may still be expected to be more than they were in normal prewar years. In this connection it might be worth while to go back to the records of India's machinery purchases in other years to see what they were, where they came from, and some of the conditions under which they were made.

Britain Strongly Entrenched

Great Britain has long been firmly entrenched in the Indian market for machinery as well as for most other kinds of manufactured goods. While some goods arriving in India from London and other British ports were bought in the United States, and a small percentage may have been manufactured by subsidiaries of United States or other foreign companies, the major part of these goods was British-manufactured. The Indian buyer, probably, has had no predilection for British goods; but for many years most of the manufactured goods he has known came from London, and he has naturally, therefore, looked to London as the source of renewed and expanded supply. British goods came to be familiar to him, he could count on their regular arrival, and they fitted in with what he had already obtained from that source. Representatives of powerful British sales'



Courtesy Government of India Information Services

Machinery in a big Indian woolen mill at Dhariwal.

organizations were at hand to anticipate his needs and facilitate the distribution and use of goods when they had arrived. So successful were these organizations that it was the simple, practical thing for the Indian to buy British goods.

India has never been very important in United States foreign trade. It is true that in 1929, the last boom year before the present war, our total trade with that country was valued at a little more than $200,000,000; but in 1932 exports plus imports were valued at $58,000,000. An average struck over a number of years shows that in normal times India takes about 1 percent of our total exports and supplies us with 3 percent of our total imports. We take, however, 10 percent of India's total exports and supply about 7 percent of that country's total imports. Normally we buy from India about twice as much as we sell.

In India's imports from the United States, machinery and equipment have figured prominently. United States machinery manufacturers have never "gone all out" to get into the Indian machinery market, although with few exceptions there is no preferential tariff on British machinery. Prices of many items from this country are higher than those of relatively similar items from Great Britain and other sources. United States firms generally, have not, like the British, maintained extensive organizations in India to seek out new business and offer maintenance service on equipment already sold. Taking into consideration the risk involved in a country where the political situation is uncertain, United States firms have not offered particularly generous credit terms.

There have been no direct shipping lines between the United States and India, which may have been a factor deterrent to the development of a larger Indian trade. The price factor is, however, the consideration of prime importance. Much United States equipment and machinery, including particularly automotive vehicles and electric equipment, is especially adaptable for use in India. But, however good a reputation a piece of machinery has, when a near-counterpart can be bought for less its purchase is to be expected, unless within approximately a year after purchase the price differential can be amortized through greater capacity or economy of operation.

In 1913–14, when India's total machinery and equipment imports were valued at $25,167,925, the United States accounted for $817,488, or about 3 percent. Great Britain's share that year was $22,570,778, or 89 percent; and Germany's share was $1,400,400, or about 5 percent. The year 1919 was a postwar story. Of total machinery imports, valued at $38,715,000, the United States accounted for $12,013,000, or 31 percent, while Great Britain's share was $25,397,000, or 65 percent. In that year Germany was out of the market and India could not buy from Great Britain or other European sources enough machinery and equipment to meet both the demand that had accrued during the war and that which represented some extra attempt to expand industrial enterprise. Although no large percentage of this gain was held by the United States when other countries again were able to produce for the Indian market, Great Britain had not regained its former position in the Indian machinery market by 1938, the latest year for which detailed records are available.

In 1928–29, India's total machinery imports were valued at $66,868,000, of which the United States supplied $7,531,000, or 11 percent, the United Kingdom $51,330,000, or 76 percent; and Germany $4,151,000, or 6 percent.

Germans Were Persistent

While Germany had had approximately 5 percent of the Indian machinery market before World War I, and began to reestablish a position soon after reentering the market in the 1920's, it was not until after 1935 that more than 10 percent of India's machinery and equipment came from that source. Marked increase in participation from 1935 to the end of the interwar period came about chiefly as the result of the payment of export bounties to German manufacturers from a special fund set up by the German Government for that purpose. With the advantages of this fund the German manufacturers were able to offer better prices, and their terms of sale were in some cases so liberal as to permit the machinery to be paid for out of the proceeds of its use, a risk that United States manufacturers would consider unwarranted. The Germans studied the Indian market with careful scrutiny; they adapted their methods to meet it; and the maintained technical forces large enough to assure the Indians of adequate service.

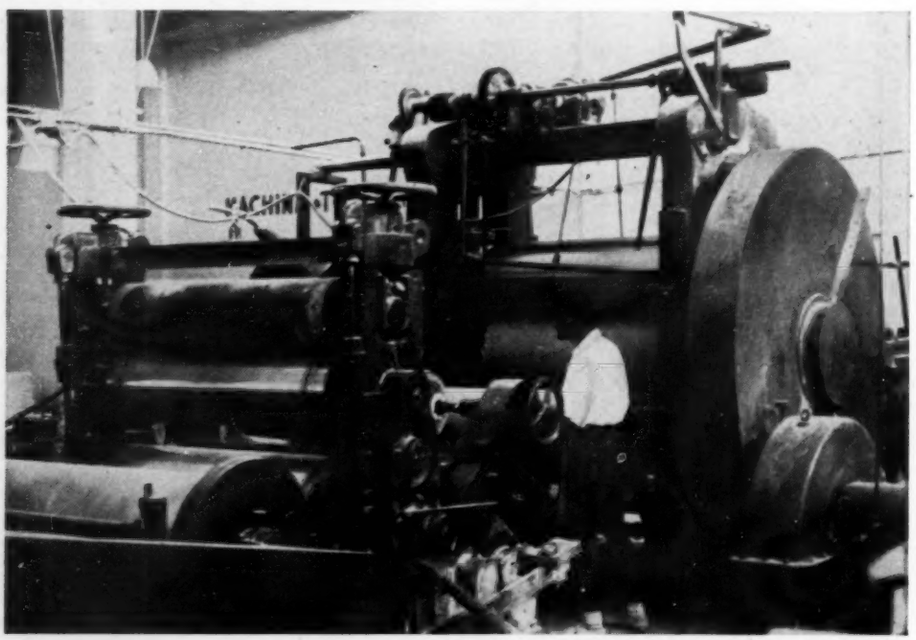
What Import Figures Show

India's total machinery imports in 1935–36 were valued at $50,900,000, of which the United States supplied $4,358,000, or 8 percent; the United Kingdom $34 439,000, or 67 percent; and Germany $6,116,579, or 12 percent. The following year, Great Britain had 63 percent of the market, the United States 9 percent, and Germany 14 percent. In 1937–38, Great Britain had 63 percent of the market, the United States 8 percent, and Germany 15 percent. That year 3 percent of Indian machinery imports originated in Japan.

Complete figures on Indian imports of machinery for the war years are not available. United States export figures indicate that we have shipped enormous quantities of equipment to India during this period. In 1942, machinery and vehicles exported from the United States to India, including lend-lease, were valued at $59,008,000; in 1943, exports of this equipment had a total value of $95,000,000; and in 1944, they were valued at more than $160,000,000. While a large portion of this equipment was lend-lease material, commercial exports have increased considerably within the past several years.

New Era Beginning

Another postwar period is close at hand, and a new period in India's import trade is about to begin. Neither Germany nor Japan is expected to figure in this trade for some time to come, and the participation of such countries as Belgium, Switzerland, and France may be not much greater than before the war. Whether India's industrialization program is carried out or not, there will be a considerable demand for equipment and machinery, much of which is needed now. With India's sterling balance in London, the simple thing would be to buy the machinery from Great Britain. Much needed equipment cannot be procured in England at the present time nor in the immediately foreseeable future. Much United States equipment, particularly that for flood control and hydroelectric development, is believed to be



Courtesy Government of India Information Services

Roller machine for preparing uppers for canvas shoes—in Batanagar, Bengal, where shoes are produced on a large scale by up-to-date methods.

suitable for the Indian market, since plans of the Indians call for units similar to those that have been constructed in this country.

There are indications that India would like to buy equipment in the United States now. The big problem, from the Indian point of view, is how to pay for it. How many dollars are being made available for India's use is now known. It is evident from United States trade figures that India's cash payments for purchases in the United States during the war years have been almost double those in prewar years. It is, therefore, evident that certain amounts of dollars have been procured. It appears to be the policy of the Government of India to favor the importation of goods for industrial and agricultural production over consumers' goods in the granting of import licences, for which dollars are automatically made available through the Reserve Bank of India. Therefore it may be expected that, of the dollars made available, many will be earmarked for machinery and equipment.

Doubtless foreign capital would be welcome on India's terms, or capital goods would be readily bought through long-term credit arrangements, but neither of these alternatives might be expected to find favor with United States groups under prevailing circumstances. While there is estimated to be a tremendous amount of gold in India, its export is subject to Government control.

Difficulties Exist

From the point of view of United States machinery manufacturers, there are many other difficulties. In some categories of machinery, particularly electrical equipment, orders could be taken now with reasonable expectancy of their delivery within a period of some months, or a year at most, if export controls would permit. In other categories, such as textile machinery, there is a backlog of demand in the United States that could keep the manufacturers busy for a long period of time—demands from firms which have done business with the same manufacturing concerns for generations. There are demands for United States textile machinery in Latin America, in China, in Europe, and virtually all over the world.

In this field, as in many others, the United States could not now sell India desired machinery because of the supply situation. An expansion of facilities, as small war plants are released from Government contract, might be possible. If the manufacturing plants became units for assembling parts manufactured by small war plants, output could be increased. Such a program would be expensive, making this machinery cost up to 40 percent more than at present, according to some estimates; and under existing price ceilings, this could scarcely be done at a profit. Yet such a step might be worth while in order to get a foothold in the Indian market if an appreciable volume of business could be expected over a period of some years following. If demand for United States machinery and equipment decreases when machinery becomes available from other sources, as it did after the first World War, such a program would be a most costly experiment.

To cover the various categories of equipment for which there might be an appreciable market in India is a task too big to be attempted here. In the following paragraphs only a few of the more important groups can be mentioned in brief discussions.

In the Textile Industry

India's largest industry is cotton textiles, and textile machinery has long been the principal type of machinery imported. Before World War I it accounted for 40 percent of total machinery imports, followed by electrical machinery, which made up 6 percent. Through the 20-year period following the war, textile machinery, much of which was for cotton-goods manufacture, accounted for from 20 to 25 percent of total machinery imports and electrical equipment for about 15 to 18 percent. The United States has had the merest fractional part of the Indian market for textile machinery. Before the First World War, virtually all the machinery found in Indian textile mills was of British make. By the end of the inter-war period Germany had about 7 percent of this business, large gains having been made after 1935.

Today one of India's primary demands is for textile machinery. It has been estimated by Indian observers that 50 percent of the entire spinning and weaving plant will call for replacements within 10 years. In the first 5 years, according to these estimates, 3,300,000 spindles and 50,000 looms will have to be replaced, along with dying, bleaching, printing, and finishing machinery, if annual needs of only 12 yards of cotton cloth per capita are to be met. If annual per capita requirements should be increased to 18 yards, procurement of an additional 2,400,000 spindles and approximately 68,000 looms would be necessary. Estimated requirements in other lines of machinery include 24,000 flat revolving cards; 20,000 draw and speed frames; and 22,000 ring spindles. The Bombay Plan sets an annual goal of 30 yards per capita, which, if fulfilled, would mean importation of still greater quantities of most types of textile machinery.

Indian purchasers are interested in procuring textile machinery from United States manufacturers. As has already been mentioned, United States manufacturers have large backlogs of orders from local firms that have long been their regular customers as well as from similar foreign firms. Added to the difficulty of not having sufficient facilities to manufacture goods for all potential buyers within a short period of time is the fact that Indian firms are inclined to order textile machinery with specifications determined by existing units. The United States manufacturer is accustomed to designing machinery to meet needs of the particular types of cloth to be made and the characteristics of the raw material available. Filling present orders from India would mean supplying units designed to fit into a pattern already established—which the manufacturers could scarcely be expected to be willing to do.

If Indian purchasers of textile equipment, who are now trying to buy goods in a sellers' market, would grant some latitude to the manufacturers, the manufacturers might be better able to divert part of their overtaxed facilities to production of goods for the Indian market. On the other hand, if the market is overlooked entirely by United States manufacturers, it will be completely supplied in time from other sources. There would then be little likelihood that when the sellers' market has become a buyers' market textile machinery for Indian mills would be sought in the United States.

Electrical Equipment

India will require expanded electric-power production—the present per capita consumption of electricity is one of the lowest in the world, less than one one-hundredth of that in the United States. Plans for development of electric power are wide in scope, including the construction of electric plant facilities to be built at a cost of $1,200,000,000, and the setting up of a Central Technical Power Board to develop and encourage the use of public electricity. There are indications that a considerable portion of this plan will reach fulfillment within a reasonable period of time.

For some time the greatest development in production and consumption of electric power was in western India. During the last years before the present war, power facilities were expanded considerably in the southern and central parts of the country. At the end of 1936 about 450 cities, towns, and villages, excluding those in Burma, had access to electric power. It was estimated that at least 100 more had been electrified by the end of 1938; and in view of the activities in India during the present war, many more have probably been supplied with electric power by this time.

Between 1933 and 1938 imports of electric machinery showed consistent increases, with about 70 percent of the business held by Great Britain. There is, however, no preferential duty on large factory equipment of British origin. In 1938 our sixth most important export to India was electrical machinery, valued at $2,925,000. It has been stated by observers that the dominance of the British in this market may be at least partially explained by the fact that they work closely with the Provincial governments, which, at least in the past, have undertaken many of the important power projects.

The development of electric power is a basic need in India if industry is to be diversified and expanded to any appreciable extent. It is tied up with other major plans, notably those to extend irrigated acreage—already the largest of any country in the world—in an effort to increase agricultural production, and to establish flood-control projects, the development of which is considered essential to India's general welfare. There may be expected to be a large demand

(Continued on p. 54)

Late AIRGRAMS

Reports Submitted by Offices of the U. S. Foreign Service

Philippine Islands

(From the U. S. Consulate General, Manila)

The announcement of plans for the return of civilian imports to commercial channels aroused great interest among importers in Manila. The first civilian ship left Manila in June for Iloilo, Panay Island. The Visayan city is expected to be the principal port for imports of civilian goods.

The transfer of distribution of foodstuffs from Philippine Civil Affairs Units to the Emergency Control Administration of the Commonwealth Government was completed June 10. The number receiving rations during June increased 11 percent, but amounts of individual rations declined. Arrangements were made in June for the distribution of gasoline by representatives of oil companies, instead of by Government agency as heretofore. Plans for rationing, however, were not completed.

After visiting 14 of the 18 sugar centrals in Negros Island, the Assistant Sugar Administrator reported five mills as practically intact, six badly damaged, and three virtually destroyed. Most of the railroads were found to have suffered severely from looting of ties, but many of the locomotives and cars were still in usable condition. The cane situation in Negros is reported to be even worse than in Luzon.

The Sugar Administrator estimates that if steps can be taken to stop the removal of cane for alcohol production throughout the Islands, from 10,000 to 15,000 tons of sugar may be produced in the Philippines during the 1945–46 milling season, and from 300,000 to 400,000 in the 1946–47 season, while full quotas may be possible by 1947–48.

This year's rice crop is expected by authorities to be only half the normal size, owing to shortages of work animals, plows, and seeds. Vicente S. Encarnación has been appointed Secretary of Agriculture and Commerce, and some Bureau chiefs have been designated. The absence of Government facilities formerly offered by the Department of Agriculture and Commerce has been an additional handicap to rice farmers.

Army officers have observed that there are no stocks of tobacco in the Cagayan Valley. The final fate of the exceptionally good 1941 crop of Cagayan cigar tobacco is not known.

The largest of Manila's cordage factories resumed operations June 1, and by the end of the month was producing at the rate of 10,000 kilograms (22,040 pounds) daily. One other cordage factory is expected to start production in July.

Preliminary steps are being taken to resume the production of soap and lard. The soap, vegetable-lard, and margarine plant of one of the larger coconut-oil mills in Manila appears to be in fairly good condition.

The National Development Company has been authorized to resume operations.

The Manila branch of the National City Bank was opened in June, and three other banks applied for licenses to function. Deposits in the Banking Division of the Philippine Treasury continued to increase.

A bill has been introduced in the Legislature to rehabilitate the Philippine National Bank, but Senate amendments make conference necessary. The bill authorizing the appropriation of 17,000,000 pesos ($8,500,000) for investment in preferred stock of Philippine banks was favorably received, but not passed in June.

A Congressional committee has been appointed to study the guerrilla-currency situation, and a bill to abolish the exchange standard reserve, except against coins, has passed the lower chamber.

Congressional action has not yet been taken on the memorandum forwarded by President Osmeña recommending the revaluation on a sliding scale of repayments of debts in Japanese pesos. The question of validity of property transfers during Japanese occupation has hindered dealings in shares and borrowing against real estate.

One domestic and one American company started writing fire and marine insurance in June.

Brazil

(From the U. S. Embassy, Rio de Janeiro)

A marked decrease in the number of industrial disputes occurred during June, with a return to the legal method of settlement through syndicate agreement rather than by the illegal individual company strikes prevalent during the last few months. Many demands for wage increases continued to be made, the usual formula being a 40 percent increase in the lowest wage brackets, decreasing to 10 percent in the highest brackets. The labor unrest still prevalent, coupled with the political factors accompanying an election year, have somewhat retarded industrial and business activity. The recently decreed "antitrust" law caused additional confusion, through uncertainties as to its application. Originally the law was to enter into effect on the date of publication, June 22, but its application was suspended until August 1.

The coffee-export subsidy plan recommended by the Interstate Coffee Convention in March was finally promulgated by the Government on June 11, but in modified form. In place of the 60 centavos per tree indemnity originally proposed for planters in the zones affected by bad weather, the Government substituted the facilitating of farm credit by a new National Coffee Bank. The decree does provide the export bonuses voted in March, ranging in amount from 65 cruzeiros per bag for Sao Paulo new crop coffee down to 15 cruzeiros for Baia and Pernambuco. The method of issue of the bonus certificate, at the time of up-State delivery of the coffee, and the method of certificate redemption at the time and place of export were prescribed in a resolution dated June 19, by the National Coffee Department. Coffee movement out of Santos is still impeded by warehouse congestion, a situation which has shown only small improvement since the strike of dock workers which ended on May 14. Market prices in Santos have weakened slightly. Heavy rains throughout Sao Paulo, Parana, and Minas Gerais have caused what may prove to be a considerable amount of damage to the quality of the coffee crop now being harvested. These same rains however probably will serve to increase the yield of next year's crop.

The local press reports increased shipping activity from Europe. The South American Saint Line, Ltd., is planning to intensify service between the United Kingdom and South America. The Finland-South American line plans to resume service between Baltic ports and Rio de Janeiro in July. Swedish and Spanish shipping to Brazil also is being intensified.

Foreign vessels have been permitted to carry coastwise cargo since April 1943, in order to relieve transportation difficulties. An order issued by the Minister of Finance on June 21 again banned foreign vessels from that trade, but this was reversed by another order issued on June 29, under which they are permitted to carry coastwise cargo until further notice.

The Coordinator of Economic Mobilization on June 15 ordered the requisitioning of all stocks of cottonseed cake. This measure was taken in order to make supplies available for forage to dairy- and beef-cattle raisers during the dry season. Its effect is automatically to cancel all outstanding export licenses for this product. Approval must now be obtained from the Edible Oil Service of the State of Sao Paulo before any shipments can be made abroad, and such approval is not likely to be granted until the needs for forage purposes decline.

The duty-free import privileges for sterilized, condensed, and powdered milk and milk in tablets or other form, butter, cheese of all types, and salt, were extended until December 31, 1945, subject to the obtention of prior import licenses.

Chemical wood pulp was added to the list of commodities on which import

licenses are required. This refers to the import-license procedure established on January 23, 1945. (See "News by Countries" section of FOREIGN COMMERCE WEEKLY, February 24, 1945, for previous list of commodities subject to license requirement.)

The obligatory sale to the Bank of Brazil of all domestically produced gold was suspended by the Control Office of Currency and Credit on June 19. The sale of gold is now freely allowed to gold processors, with proper safeguards to prevent its sale for other purposes or for hoarding. Import and export of gold continues subject to previous license by the Bank of Brazil. This measure was intended to eliminate the black market for gold and to meet the normal needs of gold-processing industries from domestic production. Import licenses for gold are being granted very sparingly.

Uruguay

(From the U. S. Embassy, Montevideo)

Continuance of exceptionally dry weather and the threat of a locust plague had unfavorable effects on Uruguay's livestock and agricultural industries in June. Harvests of wheat, corn, oats, and barley were disappointing, and Uruguay is again looking to Argentina to supply its deficiencies in cereals and forage.

Despite higher production, meat packers still seek solution of their price and labor problems, and legislation on the subject was introduced in the Congress.

The local wool market continued quiet but firm, with little fleece wool available. Total exports of wool in June amounted to 5,198 bales, as compared with 10,605 in May. Shipments were principally to the Netherlands, being final delivery of a purchase made more than 3 years ago. At the end of June 42,640 bales already sold awaited shipment to the United States as compared with 40,356 at the end of May.

Trends in industrial production and building activity, although revealing no reversals, leveled off in a manner suggesting less assurance for the remainder of the year.

Trade statistics for the first 4 months of 1945 indicated an export balance of $15,400,000, but declines in wool and meat exports during May and June and higher values of imports probably will reduce the half-year balance to not more than $10,000,000. Intense cold in June stimulated consumer-buying in certain lines and a better understanding of the supply situation benefited others. Importers who had expected too much from the ending of the war in Europe complained of difficulties in obtaining merchandise from abroad.

Following the criticism of government finance by the press and various business organizations, the Minister of Finance appeared before the Legislature to explain his position. He stated that gold would not be used to purchase foreign-owned public services, nor for the redemption of bonds, nor for shipping, and argued that, without an income tax, he could not be blamed for the failure of the excess-profits tax. After 6 years of deficit spending the Treasury faces the difficult problem of bringing revenues and expenditures more in line. During June the local securities market continued quiet, holding the slight recovery following the break earlier in the year, but showing no signs of renewed confidence in either government securities or industrial shares.

Prices for all subsistence items, as well as imported goods, rose rapidly as further shortages developed. By the end of June many farm prices had doubled those of January, and the public experienced directly thereby the rising cost of living. As a result speculation and black markets increased, as did also demands for higher wages. Government employees appealed to the President for immediate relief against the rising cost of living, and transportation employees threatened to strike if their demands were not granted without delay. The strike of the steamship company workers continued, but no new strikes were declared. The streetcar system, having failed to satisfy the demands of labor, was ordered to submit to an examination of its financial position.

The motorbus system claimed its critical economic situation could be solved only by an increase in fares, and the privately owned railway system announced a substantial rate increase to become effective August 1, except in the drought-affected areas.

Although interventors for Axis firms had been appointed in May, the Government announced that further legislation would be necessary to implement properly economic warfare.

The dollar remained unchanged at 1.845 pesos in the "free" market. Collections continued satisfactory.

Ecuador

(From the U. S. Consulate General, Guayaquil)

The total 1945 rice crop is now estimated at approximately 1,000,000 quintals (of 101.4 pounds each), a decrease of 43 percent from the 1944 production. The Minister of Economy stated on June 28 that the rice export quota for 1945 was expected to be set at 100,000 quintals all of which will probably be sent to Cuba to fulfill outstanding commitments with that country. A small upward revision in the rice export quota may be possible later in the year if the year-end "vega" harvest gives promise of being successful. The decreased rice yield is attributed to lack of rain and seed degeneration.

The Minister of Economy has also announced that the country's sugar deficit for 1945 is estimated at 250,000 quintals and that a decree will be issued permitting the free importation of that quantity of sugar. During the sugar-grinding season which has just begun, and which should continue into December, it is not expected that production will exceed 500,000 quintals, or approximately the same output as in 1944. Mills have been encouraged by the Government's removal of ceiling-price restrictions, allowing sugar to find its own price level in competition with foreign sugar. The largest sugar mill, which produces from 40 to 45 percent of the total is considering the possibility of irrigating cane fields to increase the output.

Chilean interests are reported to be considering the erection of a sugar mill and the development of sugar lands in Ecuador which would result in an increase of some 50 percent in the Ecuadoran sugar production.

Freight and passenger rates on the Guayaquil-Quito, the Sibambe-Cuenca, and the Guayaquil-Salinas sections of the National Railways were increased about 20 percent effective July 1, 1945. The increased revenues are to be applied to the purchase of new rolling stock, the construction of bridges, and to the acquisition of mechanical freight-handling equipment. The National Railways have also contracted with a United States firm for approximately $100,000 worth of mechanical freight-handling equipment including electrically operated trucks, chain hoists, and derricks. The supplying firm estimates that the railways will save this amount in handling charges in less than a year. Effective July 15, 1945, daily 1-day passenger-train service will be inaugurated between Guayaquil and Quito as a result of the arrival of long-awaited railway repair parts. This service is expected to result in a much-needed improvement since this line carries the bulk of the traffic in Ecuador. Air services between Guayaquil and Quito have also been increased.

Australia's Aircraft Industry Expanding

Manufacture of aircraft engines and equipment in Australia has expanded greatly in recent years. Among the developments are:

A factory in New South Wales produces equipment and spares for electrical engines, including starters, generators, pumps, magnetos, and control equipment.

Aircraft engines and maintenance spares are being produced in another factory in New South Wales.

A plant in Victoria produces gun turrets, special parts, and armaments for fighter planes.

A 35,000-pound drop hammer has been installed in a plant in New South Wales. Heavy forgings for propeller blades and hubs, engine crank cases, pistons, and other heavy parts are produced.

In 1942 a factory was erected in New South Wales to manufacture retractable landing gear.

A centralized depot was established in Victoria for overhauling and repairing gyroscopic and other aircraft instruments.

During March the Federal Railways of Switzerland carried 16,320,000 passengers and 988,409 tons of freight and mail, as compared with 16,256,617 passengers and 1,741,988 tons of mail transported in March of 1944.

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News by COUNTRIES

Bolivia

Transport and Communication

Developments in Railway and Radio Services.—The rerouting of the Argentine Railway to Bolivia will be undertaken by Argentina, according to the foreign press. The cost will be between 6,000,000 and 10,000,000 pesos, according to the reports.

The radio broadcasting station of the Bolivian Ministry of Agriculture was inaugurated on April 26, a press report states.

Brazil

Exchange and Finance

Free Domestic Market for Gold Established for Use by Processors.—The requirement of the sale to the Bank of Brazil of all gold produced in Brazil was temporarily suspended by order of the Control Office of the Currency and Credit on June 19, 1945. This order allows gold to be sold freely to gold processors such as jewelers and dentists. However, all domestic sales are subject to the Bank of Brazil's prior approval in order to prevent its sale for other purposes than its employment by gold processors.

The complete control over all gold movements, internally and internationally, has been under the control of the Bank of Brazil since December 4, 1933. A scarcity of gold available for the gold-transforming industries developed in Brazil in 1944, which consequently resulted in a black market, in which gold reached the price of 37 to 41 cruzeiros per gram.

Under the present order, the Bank of Brazil will continue to purchase all domestically produced gold offered to it at the official purchase price of 22.70 cruzeiros per gram of pure fine gold. In addition, the import and export of gold continues to be subject to previous license by the Bank.

[See FOREIGN COMMERCE WEEKLY of January 20, 1945, for the announcement of the order establishing control over gold movements.]

Tariffs and Trade Controls

Automobile Accessories: Export to be Permitted Under License.—Exports of automobile accessories in general from Brazil are now permitted under prior export license, by provisions of Order No. 60 of May 7, 1945, issued by the Brazilian Ministry of Finance and published in the Diario Oficial of May 14.

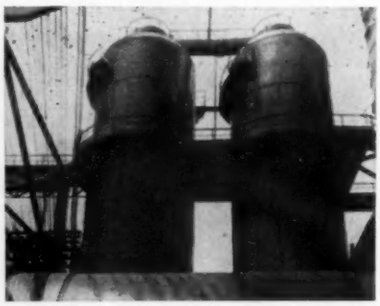
As an emergency wartime measure the exportation from Brazil of all types of automobile accessories had been prohibited. The present order modifies the procedure from an absolute prohibition to one under which export licenses may be granted in exceptional cases. The term "automobile accessories in general" includes a few articles of domestic manufacture, such as batteries, and the exportation of these will now be permitted when stocks are sufficient to meet all demands.

Patents and Privileges for Preparation and Use of Sulfonamides Restored.—The patents and privileges for the preparation and use of sulfonamides and their derivatives which had been suspended since January 1944, were restored by Brazilian Decree Law No. 7562 of May 18, 1945, published in the Diario Oficial of May 21 and effective on that date. These rights for preparing and using sulfonamides and their derivatives were suspended by Decree Law No. 6172 of January 6, 1944, for reasons of health protection. (See FOREIGN COMMERCE WEEKLY of February 19, 1944, for announcement of this decree law.) Sulfapyridine and sulfathiazole are the sulfonamides mainly affected by the new law.

Transport and Communication

Belem-Amapa Air Route Approved.—The Belem-Amapa air route of the Services Aereo Crozeiro do Sul, Ltd., was approved by the Minister of Aeronautics of Brazil on April 18, 1945. The schedule as set forth is to become effective 90 days after the registration of the contract at the Court of Accounts.

The Cover Picture



Tatas Make Iron and Steel

Our cover picture, for this special India Number, shows blast furnace stoves and gas main at one of the plants owned by the very well-known Indian firm of Tatas, pioneers of Indian heavy industry. This firm is active in large-scale production of iron and steel.

Such activity constitutes one highly important phase of the broad extension of industrialization in the peninsula to which Indian planners are now looking forward.

The picture has been courteously furnished by the Government of India Information Services.

British Honduras

Tariffs and Trade Controls

Patent and Proprietary Medicines and Drugs: Strict Scrutiny of Import Permits Exercised.—All import permits for patent and proprietary medicines and drugs will in the future be subject to strict scrutiny in an effort further to conserve vital exchange, in accordance with a Controller of Imports announcement published in the British Honduras Gazette of June 2, 1945. Permission to import will be granted only for those patent and proprietary medicines and drugs which are considered essential for the welfare of the public. All import permits will be submitted by the Controller of Imports Office to the Senior Medical Officer, who will give his opinion on each item as to whether it is essential.

Sugar: Maximum Prices Fixed.—The maximum prices of sugar sold for consumption within the colony of British Honduras, beginning June 4, 1945, were fixed as follows by the Sugar (Maximum Prices) Order, 1945: Plantation White sugar, wholesale per bag of 100 pounds, $7.40, retail per pound, 8 cents; 96 V. P. Crystals, wholesale per bag of 100 pounds, $5.60, retail per pound, 6 cents. This order, revoking the Sugar (Maximum Prices) Order, 1943 (S. R. & O. No. 20 of 1943), was issued on May 23, 1945, and published in the British Honduras Gazette of June 2, 1945.

Maximum Prices Order Amended.—Importers, wholesalers, and retailers are advised that the percentage increases prescribed in Part I of the First Schedult of the Price of Goods Order, 1944, as superseded by the Price of Goods (Amendment No. 15) Order, 1944, are the maximum increases permitted. Furthermore, in the future no charges other than those specified in the definition of "landed cost" in paragraph 2 of the Price of Goods Order, 1944, will be allowed in computing the landed cost of any price-regulated goods, except that the c. i. f. value in British Honduran currency, at the bank's current rate of exchange for the day, will be accepted. This announcement was embodied in The Price of Goods Order, 1944, issued by the Import Control and Supply Office of Belize on May 26, 1945, and published in the British Honduras Gazette of June 2, 1945.

British West Indies

Tariffs and Trade Controls

Agricultural Machinery Exempt from Import Duty in Antigua.—Agricultural machinery, including drainage and irrigation machinery, has been deleted from schedule I of the Antigua Customs Duties Ordinance, 1927, and placed with the list of products exempted from import duties in schedule II as item 23A, according to an act of the Antigua Legislative Council published in the Leeward Islands Gazette of June 14, 1945. Rates of import duty on other items of machinery remain unchanged.

The amended item 58 (1), covering nonagricultural machinery, now reads as follows:

> Machinery and parts thereof admitted as such by the collector of customs viz: (*a*) self-contained, air-conditioning machines comprising elements for cooling, control of humidity, cleaning and circulating of air, general rate 14 percent ad valorem, British preferential 10 percent ad valorem; (*b*) other kinds not including agricultural, drainage and irrigation, general rate 15 percent ad valorem, British preferential 10 percent ad valorem. (The term "machinery" shall mean machines consisting of a combination of moving parts or mechanical elements which may be put in motion by physical or mechanical force, admitted as such by the collector of customs.)

Transport and Communication

Highway System in Antigua.—The island of Antigua has 86½ miles of improved highway. Roads are constructed mainly by grants from Colonial Development and Welfare Funds and maintenance is provided from local funds. The road budget for the current fiscal year is £8,000. There do not appear to be any opportunities for American contractors in this connection. Asphalt cement is either manufactured or imported from Trinidad.

Suspension of Air Service to Antigua.—All air services to St. Vincent via British West Indies Air Lines was suspended indefinitely the middle of May 1945 because of the unserviceability of the airport previously used. Travelers to St. Vincent are consequently restricted to the use of sailing schooners on which there are no facilities of any kind.

Canada

Economic Conditions

The principal economic developments during the second quarter of 1945 were in the field of transition from a wartime to a peacetime economy, subject to continuing manpower and matériel requirements in the war against Japan. Three major developments of economic significance were the formulation of a national reconversion and rehabilitation program which was announced on April 12 under the title "Employment and Income;" the more active implementation of this program following VE-day, May 8; and the Dominion election on June 11, which assured the continuance of the announced program by the reelection of the existing Government with a working, although reduced, majority.

The foundation of the reconstruction program had been laid prior to the end of the war in Europe. A Department of Reconstruction had been established, an organization had been set up for the disposal of war surpluses, and plans had been drawn and part of the administrative machinery established for carrying out the policies and programs outlined in the Employment and Income statement. As defined in the statement, the effort will be to accomplish the "smooth, orderly transition from the economic conditions of war to those of peace and to maintain a high and stable level of employment and income."

Production and Distribution Controls Relaxed

Immediately following the end of the war in Europe the transition program was accelerated by the inauguration of a fairly wide range of removals or relexations of wartime controls. Conscription for military service was abandoned, and demobilization of the armed services was begun, except for the forces volunteering for the war against Japan. Production controls were removed in whole or in part on several categories of consumer goods, including various kinds of electrical machinery and appliances, passenger automobiles, and farm machinery and equipment; and on construction machinery, typewriters, appliances, and similar products. Restrictions on mine development and operation were removed. These measures permit the resumption of work insofar as labor, which is still subject to National Selective Service control, and mining machinery and equipment are available.

Rationing and other distribution controls were also relaxed in a number of instances and excise and sales taxes removed or reduced on several categories of consumer goods, including building materials. In connection with road transportation the basic gasoline ration was increased from 3 to 4 imperial gallons per coupon and the 35-mile-radius limit on the operation of trucks was removed, together with various restrictions on bus schedules and routes and on the operation of wholesale and retail truck deliveries.

On the other hand, there were a few increases in restrictions. The sugar ration was reduced for individuals and industries, because of the increasing shortage of supply. Announcement was made also early in July of the Government's intention to reimpose meat rationing as soon as coupon facilities could be provided. New restrictions applied to railway travel for the purpose of reserving accommodation for returning members of the armed forces. (See item under Transport and Communication.)

Notwithstanding the restrictions on civilian railway travel, estimates are that the summer tourist traffic will not be too seriously curtailed. One resort association in Quebec has predicted one of the busiest seasons on record.

Pertinent Comments on World Economy Today

[*Being one of a series of excerpts from books, pamphlets and speeches*]

"The Responsibility of Power"

We know the extent of our economic power; we know that it can and must be used to strengthen the peace of the world. In the hands of the American people, it must be used in the first instance to raise our own standard of living and our own level of employment. Never again can we afford to have domestic depressions which cause untold misery at home and are felt around the world.

More than that, we must plan our production of goods and services and their distribution abroad in such a way as to enable our friends, whose countries have been devastated, to get back on their feet again, to employ their own people so that they can produce goods for us, and buy goods from us in ever-increasing volume. In other words, we must find ways of cooperating with our friends so as to increase the volume of world trade and promote the general prosperity, month by month and year by year. If in the years to come we should think narrowly and in purely national terms of the so-called "danger of competition from abroad" there will be no revival in Europe, no sound prosperity at home, no growth of world trade; nothing but recurrent depression, political instability, and perhaps another world conflict.

After the last war we embarked on the dangerous and inconsistent policy of erecting high tariff walls and insisting on payment of war debts, while lending huge sums abroad. We were a creditor nation, but we refused to act like one. Now we are again in the position of a creditor, and we propose to face up to the implications of that fact. The extension of the system of our reciprocal trade agreements is one proof of that intention. The plan for a world bank and an international stabilization fund agreed upon at Bretton Woods constitutes another step in the right direction—a long step. We shall pursue the path of economic cooperation through the Organization of the United Nations, whose Economic and Social Council promises to be one of the most hopeful contributions to the future well-being of nations.

From an address by Acting Secretary of State Joseph C. Grew at Washington on June 23, 1945, on the occasion of the first commencement of the School of Advanced International Studies, Foreign Service Educational Foundation.

Enormous Expansion of China's Foreign Trade Believed Essential to Country's Economic Recovery

"If China is to achieve anything like quick economic recovery, its foreign trade will have to be enormously expanded; China's basic need is capital goods with which to establish an industrial economy, but, trade being always on a two-way basis, a concentrated drive to increase our agricultural production will be absolutely essential," said Tsou Lin, chairman of the Foreign Trade Commission of the Ministry of Finance, in a recent interview—as quoted in a recent release by the Chinese News Service.

In Mr. Tsou's view, 450,000,000 people should be "anybody's dream of a market," but the foremost problem will be to increase the purchasing power of the farmers—that is, to multiply their productive capacity. That, Mr. Tsou added, will be the foundation upon which all plans for industrialization must be based.

Turning to China's principal export commodities, he said: "Our farmers can increase their production twofold, threefold, or fourfold and yet there will be a postwar market for our produce. For instance, the estimated postwar need of the United States alone for tung oil, China's No. 1 export item, will be 2,300,000 piculs, whereas China's prewar production totaled only 1,500,000 piculs and the total export was less than 1,000,000 piculs." Similarly he held that the production of such commodities as raw silk, tea, pig bristles, wool, and cotton can be increased without fear of lack of export channels.

"Export trade will be vital; otherwise how can China pay?" he said. And for this reason he advocated top priority for the achievement of this basic task.

Mr. Tsou, however, emphasized the need for reducing the cost of production. "The price of tung oil in the United States is about 39 cents per pound, but the cost here is very high—so high that the Americans will probably use substitutes in the paint industry though tung oil is far superior in application."

Another problem, he said, is grading. There is much room for improvement of many of China's agricultural products such as sesame, peanuts, cassia oils. Mr. Tsou believes that with improved grading the demand for Chinese produce will be greatly widened.

Foreign-Exchange Controls Eased

There was no official indication of any basis for the rumors during the quarter of an impending upward revaluation of the Canadian dollar. However, the foreign-exchange-control regulations were eased to permit increased funds for travel to the United States. (See item under Exchange and Finance in Foreign Commerce Weekly for May 26, page 20.) Another relaxation was the announcement on June 21 that the Foreign Exchange Control Board would be prepared to consider applications by publicly owned companies with established dividend rates to continue payments at those rates to nonresident shareholders, even though their undistributed current earnings were not sufficient to cover such payments because of a temporary reduction of profits during the reconversion period.

Important Reconversion Projects Announced

The reconversion of industry from a wartime to a peacetime basis, already under way before the end of the war in Europe, has been extended in several directions since that time. Sales of a number of war plants and of some surplus equipment have been made. There have been nine transactions reported in the sale of war plants, mainly to Canadian subsidiaries of American companies, involving total payments of more than $13,000,000. A number of other sales were understood to be in the course of negotiation. One of the important considerations in connection with the sale of Government-owned property for civilian production is the volume of employment to be provided.

The disposition of surplus consumer goods was inaugurated by the first of a series of auction sales held by the War Assets Corporation early in June at St. Catharines, Ontario. Similar auctions were scheduled for different parts of the country as surplus goods become available.

Concurrently, plans for the establishment of new civilian production received considerable publicity. Among these is a new $5,000,000 industry to be established by Courtauld's (Canada) Ltd., in Ontario for the manufacture of staple fiber, according to an announcement by the Dominion Minister of Transport.

The Department of Muntions and Supply announced early in June that negotiations had been completed for the erection by a private corporation of a chemical plant at Sarnia, Ontario, adjacent to the Government-owned synthetic-rubber plant. The latter will supply styrene to the new plant for the production of a range of commercial products. The transaction may mark the beginning of a great industrial development in the Sarnia area, according to the official announcement.

Foreign-Trade Declines Slightly

Because of the importance of foreign trade to the Canadian economy, the current flow of imports and exports is watched with great interest. Exports rose seasonally in May but because of the influence of a declining volume of shipments in war goods, the value at $315,192,000 (Canadian currency) failed to equal the all-time monthly high of $368,357,000 established by the May figures a year ago. On the influence of the May decline, the cumulative value for the first 5 months of the year is $1,395,552,000, fractionally lower than the $1,403,110,000 for this period in 1944. Increases were recorded in chemicals, nonferrous metals, farm machinery and implements, lumber, wood pulp and newsprint, textile products, fishery products, and eggs. Decreases occurred in agricultural products (including meats), furs, some iron and steel, and motor vehicles.

A declining trend in import trade was also noted during the first 5 months of 1945 when the value of all commodities imported was $652,215,000, or 8.7 percent lower than the $712,050,000 in the corresponding period of 1944. Increases were recorded in fruits, tea, hides, leather, furs, most fibers and textile, manufactured wood, paper, and books. Imports of rolling-mill products showed an appreciable rise and imports of farm implements advanced considerably. Imports of agricultural implements have been duty- and tax-free since June 27, 1944. Most of the other iron products showed declines. Coal, petroleum, and chemicals were also imported in smaller volume in the 5-month period of 1945 than during that of 1944.

Imports from the United States, which had a valuation of $507,406,000 for the January–May 1945 period followed the same declining trend as the over-all trade, although they made up approximately 83 percent of the total. In contrast to the reduction in imports from the United States and most other countries, merchandise received from the United Kingdom were valued at $52,570,000 in the January–May period as compared with $45,050,000 in the like 5 months of 1944.

Agriculture Prospects Only Fair

With reference to agricultural export developments, the outstanding features relate to wheat, bacon, and apples.

The flood of wheat exports reached 35,000,000 bushels in May, including flour in terms of wheat. Supplies remaining in country elevators are being rapidly depleted. They may be no more than 40,000,000 bushels at the end of July as compared with 134,000,000 bushels last year and 225,000,000 bushels 2 years ago. New crop prospects are only fair because of the backward season and insufficient moisture in Saskatchewan and Alberta, but recent rains have somewhat improved the outlook.

Bacon purchases for Great Britain have dropped to less than one-half the weekly volume of a year ago because of the sharp decline in hog production last year. Beef purchases for Britain, which were equal to about 13,000 cattle per week in January, have dwindled to almost nothing. Meat supplies remaining for Canadian consumption are less than a year ago. The much smaller supply of pork is only partially offset by the larger supply of beef. On this account the Dominion government announced on July 6 the resumption of meat rationing by coupon as soon as facilities could be provided, probably in about 2 months, and the immediate enforcement of

slaughter control and of 2 meatless days per week in restaurants and other eating places.

The apple crop may be the smallest during the 20 years of record—possibly no more than 8,000,000 bushels as compared with nearly 18,000,000 bushels last year. Prospects are disastrous except in British Columbia. The total crop, even without allowing for any exports, dehydration, or canning, will be scarcely larger than domestic fresh consumption in Canada during recent years.

Production Volume Lower

The tapering off of war production, which was under way for some time but accelerated after VE-Day, was already reflected in various economic indexes. The index of the physical volume of business (1935–39=100) declined to 225.7 during the first 4 months of 1945 from 244 in January-April 1944, a decrease of 7.5 percent. The index of industrial production (1935–39=100) declined 11 percent during the same period, from 276.9 in 1944 to 246.6 this year. The greatest decline in production was one of 33.2 in mineral output, followed closely by a decrease of 31.7 percent in hog slaughterings. Smaller decreases were recorded in the production of flour and in the consumption of raw cotton and electric power. Increases occurred in cattle slaughterings (35.7 percent), cigarettes released (21.6 percent), and in the production of creamery butter, cheese, cigars, boots and shoes, newsprint, pig iron (2.4 percent), and steel ingots (6.2 percent). Cigarettes released from bond in April increased 70.6 percent, as compared with those released in April 1944 to set an all-time monthly record of 1,164,000,000, 5,000,000 more than the previous high in January 1945.

Coal Production Increases But Supply Tight

The coal position continues tight. Canadian coal production—5,977,089 tons for the first 4 months—showed a small increase over the 1944 figure of 5,863,268 tons, declines in Nova Scotia and British Columbia being offset by increased output in other Provinces. Imports (for consumption) of coal during the 4 months (3,831,504 tons) were sharply down from the 5,394,518 tons imported during the corresponding period in 1944. The relatively small volume of exports showed almost no change. Output of coke from ovens and gas retorts was slightly down at 1,322,485 tons compared with 1,377,545 tons in the first 4 months of 1944.

Motor-vehicle production during the first 5 months of 1945 totaled 71,143, including both commercial and military vehicles. Canadian production of motor vehicles has been on a slightly descending scale for several years, the total having declined to 65,621 during the first 5 months of 1944. The output this year thus represents a reversal of this trend. No passenger cars have yet been produced since their production was stopped at the beginning of the war, but authorization to manufacture 10,000 passenger vehicles was issued during the second quarter.

Small Decline in Employment

The general employment index for the January-April period, at 178.6 (1926=100) was lower by 2.3 percent than last year's corresponding figure of 182.8. An increase in temporary unemployment is being recorded as some war plants are being closed, either permanently or for reconversion to civilian production. However, the Director of National Selective Service was quoted on June 20 as stating that the labor shortage is still "quite great" and that in this respect the situation is not much different from what it was a year ago. Every effort is being made to provide suitable work for the thousands of servicemen returning weekly, according to the same source.

Employment of Women

The fifth inquiry by the Dominion Bureau of Statistics into the sex distribution of persons employed by firms furnishing monthly data on employment and pay rolls indicates that the employment of women continues a factor of greater importance than in the autumn of 1942, when the first inquiry in this series was made, or in any earlier period, according to the Bureau's report. However, the latest statistics indicate a general decline in the number and the ratio of women workers as compared with those for October 1 and April 1, 1944. The 16,091 establishments reporting showed a total of 1,370,833 men and 498,857 women on April 1, 1945, the latter constituting 267 to 1,000 of the total personnel. This proportion compares with 235 on October 1, 1942; 262 on October 1, 1943; 270 on April 1, 1944; and 271 on October 1, 1944.

Construction More Active

The end of the war in Europe, together with the seasonal increase in building activities, is resulting in a sharp increase in construction, the full effects of which are probably not yet apparent. Construction contracts awarded in June totaled $58,975,000, according to MacLean Building Reports, Ltd. Construction awards for the first 6 months totaled $175,748,300, compared with $152,737,700 in the like period of 1944.

Because of the war-created housing difficulties, emphasis has been placed by Dominion, Provincial, and municipal authorities on measures to stimulate new construction and particularly new housing. Steps taken by the Dominion government during the quarter included the removal of sales and excise taxes on building materials, priority for the discharge from the armed services for building tradesmen, particularly bricklayers, and the creation of an interdepartmental committee to encourage and stimulate construction programs with a special reference to assisting in the availability of labor and materials.

Special attention is being given also to housing for veterans, and building projects of various kinds in this category have been undertaken in different parts of the country. In fact, more or less of a building boom is anticipated in various localities, assuming the availability of labor and materials. A marked increase in building-trade employment is noted by offices of the Unemployment Insurance Commission. For instance, in Winnipeg there were only 30 registered unemployed carpenters in May as compared with 500 registered in March. The real-estate market is following a similar trend. In some localities the need for accommodations has resulted in adding of "premiums" to houses for sale for immediate possession.

A number of private surveys of the housing situation have been made. Al-

UNRRA's Plans for Aid to Six Liberated European Countries

In a report submitted at the end of June to the Committee on Supplies of the United Nations Relief and Rehabilitation Administration, Roy F. Hendrickson, Deputy Director General for Supply, stated that preliminary estimates of supply and shipping requirements for the second half of 1945 to six liberated European countries receiving UNRRA assistance total 3,895,000 gross metric tons, valued at $913,000,000, to be supplied by contributing countries, including the United States.

This is more than three times as large as the program through June, when supplies delivered or on their way to countries receiving UNRRA assistance and financed by UNRRA totaled 1,229,113 metric tons, valued at $256,300,000.

The tentative distribution of the 3,895,000 tons of supplies from July through December, 1945, if the quantities can be obtained, would be as follows:

	Estimated value, landed cost basis	*Estimated tonnage (metric tons)*
Albania	$19,000,000	91,000
Czechoslovakia	196,000,000	884,000
Greece	171,000,000	1,034,000
Italy	29,000,000	99,000
Yugoslavia	242,000,000	858,000
Poland	256,000,000	929,000
Total	913,000,000	3,895,000

What will actually be shipped and when it will be shipped, Mr. Hendrickson pointed out, will depend on a number of factors, including availability of supplies and shipping, port facilities, and transport facilities to carry them inland. In the last analysis, he declared, the success of the program "will depend on the extent to which UNRRA will receive the full and unequivocal support of its members, especially of the major supplying governments."

though the results vary in detail, they all emphasize the very large unfilled demand for housing accommodation.

Prices and Cost of Living Well Stabilized

The wholesale-price index remains stable. During the first 5 months there was a rise of only 0.5 percent from 102.5 in the first 5 months of 1944 to 103 in the corresponding period this year (1926=100). The cost-of-living index shows a similar stability. An actual decrease of 0.3 percent was recorded during the January-April period, the index falling from 119 in 1944 to 118.6 (1935–39=100) this year. In May, however, there was a slight rise to 119 and on June 1 the index reached 119.6.

The very effective price control established in Canada has resulted, among other things, in a lower general-price level than in most of the United Nations. This, in turn, has necessitated the subsidizing, directly or through bulk-purchase operations, of some "essential" imports. In other cases, ceilings have been modified to some extent and other adjustments to improve supplies have been made, where required. The objective of the Wartime Prices and Trade Board "to remove price control at the earliest possible moment consistent with preventing a war-generated inflation" was restated in a summary issued in June. On the other hand, other Government officials have stressed the fact that price control may well be one of the last of the wartime controls to be removed entirely.

Bank Debits Set New Record

Checks cashed against individual accounts in clearing centers had a greater value in May than in any other month in history, the total being $6,894,000,000 as compared with $6,653,000,000 in May 1944. The previous high point was in November 1944, when the total reached $6,671,000,000. Although the high figure in May of this year was primarily because of heavy payments on the Eighth Victory Loan, there has been an upward trend in the volume of checks cashed ever since the beginning of the war, and this trend has continued. Checks cashed during the first 5 months of 1945 were greater than in the corresponding period of any other year, the total being $26,582,000,000 against $24,708,000,000 in the like period of 1944. These figures compare with a total of $19,300,000,000 in the corresponding period of 1929 which was the prewar maximum.

As was reported in detail in the item under Exchange and Finance in Foreign Commerce Weekly for June 9, page 16, sales in the Eighth Victory Loan campaign, held during the quarter, also set a new record. The total is now reported at $1,568,927,350 as compared with the objective of $1,350,000,000.

Increase in Security Sales

There has been a substantial increase in sales abroad of Canadian securities. Official figures, available only for the first quarter at the time of writing, showed net sales of securities to all countries during that period at $31,100,000 as compared with $24,300,000 in the first quarter of 1944. Sales of Canadian bonds to the United States comprised a large proportion (in March the largest item) in this movement of capital. (Details regarding security sales in 1944 were published in Foreign Commerce Weekly of April 7, page 20.)

In connection with the finances of the Province of Manitoba, Premier Stuart Garson, who is also the Provincial Treasurer, stated on May 1 that a debenture refunding transaction had just been carried out in the United States which involved a saving to the Province of $68,515 a year. The transaction was the sale of a 4-year debenture issue amounting to $2,386,000, which would cost the Province 2.19 percent, the lowest rate for a comparable issue which Manitoba has ever obtained either in the American or Canadian markets. In connection with this operation, the Premier stated that it would be unnecessary for the Province to enter the financial markets again until October 1946.

A new plan for the adjustment and reorganization of the debenture indebtedness of the city of Windsor was approved by the Ontario Municipal Board on June 15. The new plan, which is now in effect, commits the municipality to the orderly retirement of a total indebtedness of $26,902,068 which will be paid off at the rate of $1,399,651.54 a year, including principal and interest.

Refunding operations were also carried out by the Province of Alberta, in accordance with an agreement with the Dominion government under which the latter undertook to extend financial assistance to the Province.

The report of the Royal Commission on the Taxation of Annuities and Family Corporations (the Ives Commission) was submitted to the government and accepted "in principle." It is reported that legislation based on the commission's recommendations will be introduced at the next session of Parliament, now scheduled to open August 23. It is also anticipated in some quarters that other legislation to be submitted to the new Parliament will have in view some reduction in general taxation in line with the transition and postwar policy in this field as outlined in the government's announced program.

National Health and Welfare Program Outlined

The Minister of National Health and Welfare, in an address on May 28, 1945, outlined the program of that department as follows:

1. Nation-wide health insurance to provide medical, surgical, obstetrical, dental, pharmaceutical, hospital, and nursing benefits for all Canadians.

2. Preventive health measures to aid in providing for free treatment for tuberculosis, mental illness, venereal diseases; to aid in the training of public health physicians, engineers, nurses and sanitary inspectors; to assist in public-health research and the prevention and control of crippling conditions in children.

3. Payment of pensions to the blind beginning at the age of 21 and assistance in treatment and care.

American Republics Asked to Eliminate Travel Restrictions and Hindrances

Anticipating a marked increase in Inter-American business travel after the war, the Overseas Automotive Club has forwarded to the Department of State and the Pan American Union a request that early measures be worked out which will facilitate and expedite such travel between countries.

The request also will be presented at the Inter-American Economic Conference when it convenes November 15 in Washington.

The organization presenting the recommendation is an association of export executives and export managers directly employed by or representing some 800 American manufacturers of automotive maintenance and service materials.

Its members travel extensively throughout the Western Hemisphere and lose much time, they contend, because of the lack of uniformity in entry and exit permits of the various countries, legal requirements for business visits, delays in filling out official forms, and other details which they term "onerous, time-consuming, and costly."

A larger number of Central and South American businessmen travel to the United States during peacetime and they, the Club holds, are the victims of complicated travel restrictions imposed by the United States.

The organization recommends that the United States announce, in collaboration with other American Republics, its intention to abolish wartime travel restrictions at the earlier practicable moment; to eliminate the necessity of passports and visas on a reciprocal basis wherever practical, substituting identity permits attested by the proper authorities of the issuing countries. It also asks that the cost of visas be reduced by mutual agreement with the countries where passports and visas continue to be required.

As a further measure, it requests that the United States take steps reciprocally with the other countries to simplify technicalities of tax clearances for visiting businessmen so that delays and technical difficulties will be minimized, and that statements of entry and tax requirements of the United States regarding nationals of the other Americas be available to the latter at all United States consulates in English, Spanish, and Portuguese.

The other republics would be asked to reciprocate by making such information regarding their countries available at their consulates in the United States.

4. Complete health services for the Federal civil service.

5. Extension of laboratory services and construction of a national laboratory.

6. A definite program of coordinated activities to make the Canadian people the healthiest in the world. This will include work in the field of physical fitness, nutrition, child and maternal hygiene, industrial hygiene and the like, as well as improved services of information on health and welfare matters of general interest.

The details of this program will be worked out in close consultation with the Provinces. A Dominion-Provincial conference has been called to open August 8.

(All dollars are Canadian dollars; current value of official exchange; 90.90 U. S. cents buying, 90.90 cents selling.)

Tariffs and Trade Controls

Automatic Industrial Scales or Weighing Machines of a Kind Not Made in Canada Duty-Free Entry.—Duty-free entry into Canada from any source is provided for imports of automatic scales or weighing machines, of a class or kind not made in Canada, and complete parts of the foregoing, for use in Canadian manufactures, by an order in council dated June 5, and effective from May 1, 1945, which created a new tariff item (461a).

Formerly such automatic scales or weighing machines were dutiable at 27 percent upon importation from the United States and other most-favored-nation countries; 30 percent under the intermediate tariff; 35 percent under the general tariff, and 10 percent under the British preferential.

The creation of this new item places the large industrial automatic scales or weighing machines of a class or kind not made in Canada, particularly the automatic weighing machines such as are used for weighing grain and flour in bulk in a flour mill, on the same basis as automatic scales for use with conveyors, for use exclusively in mining or metallurgical operations, which are admitted free of duty from all countries.

It is undertsood that the concession does not cover all kinds of industrial automatic weighing machines, such as batch weighers, which are of a class or kind made in Canada.

Chemical Heater Pads for Permanent Waving: Exempt From Excise Tax of 25 Percent.—Effective May 14, 1945, imports into Canada of articles commonly or commercially known as chemical heater pads or by other names, for use in generating heat in connection with the machineless method of permanent waving human hair are exempt from the 25 percent excise tax imposed on toilet articles and preparations, and cosmetics according to a circular issued by the Department of National Revenue, Ottawa, on May 31.

The exemption does not extend to articles commonly or commercially known as permanent-wave pads whether made in Canada or imported.

The exemption of these chemical heater pads from the 25 percent tax imposed on toilet articles places the chemical heater pads on the same basis as the electrical heater pads which were formerly taxed at the 25 percent rate as electrical appliances but which were exempted, along with the other electrical appliances, on May 14, 1945.

[For previous announcement see FOREIGN COMMERCE WEEKLY for May 26, 1945.]

Inter-American Agriculture Conference to be Held in Venezuela

The third Inter-American Conference on Agriculture will be held in Caracas beginning next Tuesday, July 24, birthday of Simon Bolivar, the great Liberator. It will be held under the auspices of the Venezuelan Government and organized by the Committee on Agriculture of the Governing Board of the Pan American Union. The President of Venezuela will make the inaugural address.

Attending will be delegates of the American governments, with representatives of the Pan American Union, the International Labor Office, and the Interim Committee of the United Nations on Food and Agriculture.

Theme of the conference will be "Agriculture and the Postwar Period." In the six sections of the program, conferees will discuss important phases of postwar agriculture, reviewing in the first section on Money and Agriculture the recommendations of the United Nations Monetary and Financial Conference held in Bretton Woods, and of the Inter-American Technical Economic Conference. Proposals for an International Bank for Reconstruction and Development, and for establishment of agricultural credit will be studied.

Present Agricultural Production and its Adjustments to the Postwar Period is the subject of the second section, which will emphasize the production, utilization, and distribution of those commodities playing an important part in world trade. Increased efficiency in production of basic foodstuffs, and the increased consumption of food and raw products will be discussed in the third section, and markets and transportation in the fourth.

The currently important topic of agricultural migrations and colonization in the postwar years forms the theme of the fifth section of the conference program, and agricultural and livestock statistics that of the sixth. Six technical commitees will be appointed to carry out work of the conference sections.

Transport and Communication

Sleeping- and Dining-Car Service Temporarily Curtailed: Convention Bookings Canceled.—Because of demands made upon the Canadian railways in connection with the return movement of the armed forces from Europe a number of regular overnight sleeping-car and dining-car services will be curtailed or canceled in Canada as and when necessary, according to an official announcement made in the Canadian press on June 16 by the Canadian Passenger Association. In anticipation of limited or no meal service on trains, prospective passengers have also been advised to carry their own lunches on train trips.

Sleeping-car services affected in eastern Canada include those between Montreal and Quebec, Montreal and Toronto, Ottawa and Toronto, Montreal and northern Ontario points, and Toronto and northern Ontario points.

As a further step to bring about a reduction in civilian travel the Wartime Prices and Trade Board has canceled convention bookings in larger hotels throughout Canada for the period from June 20 to July 20.

Announcement of the railway curtailment was made following a June 15 directive from the government's transport controller that priority on railway equipment be given to movements of members of the armed forces. At that time the controller reiterated the following points:

1. Top priority on railway equipment goes to personnel disembarking from hospital ships.

2. Next priority on railway equipment goes to service personnel returning from overseas or moving within Canada on duty.

3. To meet service-personnel requirements it will be necessary to switch sleeping cars, tourist cars, diners, and even day coaches on occasion from "a great many" regular passenger trains.

4. In many cases "practically the entire sleeping- and dining-car service" on regular runs will be affected for various periods of time.

5. Persons with advance sleeping reservations "would do well" to check the day for which reservations have been made to make sure that previously reserved accommodation is still available.

The transportation controller appealed to the public to "postpone pleasure and holiday travel for the next 6 to 10 months." He estimated that train accommodations would be required for at least 30,000 returning servicemen monthly, and he pointed out that railway facilities are further aggravated by the fact that no passenger equipment has been built since the beginning of the war.

China

Economic Conditions

FREE CHINA'S MINERAL INDUSTRY

With the exception of crude oil, mineral production in Free China during 1944 was below 1943 levels. Loss of territory to the Japanese, especially Hunan and Kwangsi Provinces, and the high cost of production resulting from the spiraling inflation, were primary causes for the de-

Export Shipments of U. S. Coal: They're Prohibited as of Yesterday—Except Under Specific Authorization

Oversea shipments of American-mined coals, except to the United States Army and Navy, are prohibited beginning July 20 unless they have received the specific approval of the Solid Fuels Administration for War, Administrator Harold L. Ickes recently announced.

The action is not designed to determine or establish quotas for export but to give SFA closer control over the sources and types of coal destined for export abroad, he said.

In the determination of approval of shipments for export, among the factors to be taken into consideration will be: Whether they fall within Government quotas that may be established from time to time, whether the size and kind sought should be made available, or whether the purpose for which the coal will be used can be met with lower grades than those requested.

Administrator Ickes pointed out that the new regulation will not affect export quotas but will serve to protect further domestic supplies of the scarcest varieties and those types vital to war industries.

Embodied in Regulation No. 31, the new controls require that each supplier for oversea shipment fill out an SFA application.

The new regulation further provides that a separate application must be made for each cargo, that an approved application shall be used only by the person to whom it has been issued, and, in order that coal shall not lie on the docks waiting for a bottom, an approved application will be good for only 30 days. It is limited to the tonnage, the source (mine or mines), and the port of exportation specified. Within 5 days after a cargo has been loaded, a full report must be made to SFA.

cline in output. Production of strategic minerals for export to the United States and to the Soviet Union was hampered by numerous difficulties which forced the Chinese Government to give producers support and encouragement.

Production of crude oil in 1944 registered a gain of 13 percent over that of 1943, whereas the output of other minerals and ores declined. For mercury and coal, the decline was relatively slight, amounting to 4 and 9 percent, respectively; but production of the remaining minerals, including tin, antimony, pig iron, lead, tungsten, and copper, decreased from one-half to as much as three-fourths in 1944. Steel output, although small in volume, was double that of the preceding year.

Figures for production of important minerals (iron, steel, and crude oil omitted, as figures are considered confidential) during the years 1942 to 1944, inclusive, as reported by the Mining Department, National Resources Commission of the Ministry of Economic Affairs, Chunking, are presented in the following table:

Mineral Production in Free China 1942–44

[In metric tons]

Product	1942	1943	1944
Coal	5,652,382	5,995,153	5,457,756
Copper (refined)	754	783	185
Lead (refined)	1,315	1,179	646
Zinc (refined)	343	559	331
Tungsten	11,897	8,973	3,235
Antimony (pure)	3,510	428	203
Tin (refined)	8,037	4,419	2,195
Mercury	163	118	103

Production Trends

Szechwan Province has been the leading producer of coal and coke in Free China, mining one-half of the coal and contributing 44 percent of the coke output in 1944. The Provinces of Shensi, Hunan, and Honan together supplied nearly one-third of the coal, with Shensi Province showing an increase over 1943 as a result of the expanded demand from railways, particularly the important Lunghai Line which operates from Tungkwan to Paoki. In Hunan Province, however, coal mining was greatly curtailed, being reduced particularly in the closing months of the year through occupation by Japanese forces.

Coal production figures for the Provinces of Free China during the years 1942 to 1944, inclusive, are given in the following table:

Coal Production in Free China by Provinces 1942–44

[Quantities in 1,000 metric tons]

Province	1942		1943		1944	
	Quantity	Percent	Quantity	Percent	Quantity	Percent
Szechwan	2,544	45	2,705	45	2,700	50
Shensi	403	7	406	7	650	12
Hunan	1,334	24	1,393	23	550	10
Honan	500	9	526	9	300	5
Other Provinces	871	15	965	16	1,257	23
Total	5,652	100	5,995	100	5,457	100

Encouraged by the Chinese Government through the National Resources Commission, the production of crude oil (comprising the bulk of petroleum products) has steadily increased since the organization in March 1940 of the Kansu Oil Production and Refining Administration. Gains recorded in the production of crude oil and petroleum products—mostly from the Kansu oil fields—might have been greater had there been improved transportation facilities to the consuming areas.

Whereas the increased steel production in 1944 resulted from the completion of new steel mills, the decline in production of pig iron was attributed by the Mining Department to the following factors: (1) Large stockpiles of pig iron at many smelting works toward the end of 1943; (2) general depression prevailing in other industries, caused by inflation and high cost of production; and (3) inactivity of numerous machinery-manufacturing plants.

Production of many nonferrous metals, of which copper, lead, and zinc are the most important in Free China, has generally declined in recent years. The copper mines at Penghsien in Szechwan Province were closed down in 1944 because of unprofitable operation, and those at Tungchuan, Yunnan Province, had difficulty in maintaining output because of lack of transportation facilities and mining equipment, and a shortage of fuel for smelting purposes. Lead and zinc mines at Changning, Hunan Province, were seized by the Japanese during the closing months of last year.

With the Japanese seizure of Changsha, Hengyang, Kweilin, and Liuchow, nearly all production centers in Hunan, Kwangtung, and Kwangsi Provinces were entirely lost. Mines and plants in Kiangsi Province, important in supplying tungsten, tin, iron, and coal were also cut off from the remainder of Free China.

Several strategic minerals or metals, including tungsten, tin, mercury, and antimony are controlled and monopolized by the Chinese Government, and are collected solely for shipment to the United States and Soviet Russia. Flown out of China by the China National Aviation Corporation and the Air Transport Command, these minerals and ores have bulked large in air traffic, with tungsten and tin going to the United States and the Soviet Union and mercury being shipped entirely to the latter country. Production of antimony has practically ceased, owing to lack of demand.

Plant Activity in 1944

Comparatively speaking, 1944 was a very inactive year for the establishment of new mining and metallurgical works in Free China, only slight changes being made for the purpose of increasing and promoting more efficient production of some old plants or works. Such changes were effected by: (1) Amalgamation of small organizations such as the Yungteng and Akancheng coal mines to form the Kansu Coal Mining Administration in Kansu Province, and amalgamation of the Tzeyu Steel Works, Linkiang Iron Works, and Tzeho Iron & Steel Co. to form the Tzeyu Iron & Steel Works at Chungking; (2) reorganization of some old units either by absorbing more capital, such as was done by the Kweichow Coal Mining Co. in Kweiyang, Kweichow Province, or through participation of the Government as in the Hsiankiang Coal Mining Co. in Hunan Province and the Tzeshu Iron & Steel Works at Chungking; (3) opening of new mines such as the coal mines of Tupeh and Tuyun, both in Kweichow Province; and (4) completion of new installations in the plants of such companies as the Hoshan Coal Mines in Kwangsi Province, Yangmishan Coal Mine (Hsiangnan Coal Mining Co.)

in Hunan, and the China Industrial Co. at Chungking.

FOREIGN CAPITAL

Under the Chinese Mining Law, as it now reads, many minerals are reserved for mining by Government agencies, and in the small field remaining open to private capital, foreign capital may participate in mining companies provided three conditions are met: (1) More than one-half of the capital is held by Chinese citizens; (2) more than one-half of the directors are Chinese citizens; and (3) the chairman of the board of directors and the manager of the firm are Chinese citizens.

A resolution was passed by the Central Executive Committee of the Kuomintang in September 1943 to encourage "foreign investment and industrial reconstruction" through removal of the nationality requirements for managers and directors, and the requirement of Chinese control of more than one-half of the capital in Joint Enterprises.[1] In December 1944 the Supreme National Defense Council adopted a set of 12 principles having the same purpose—relaxation of Chinese control over the entry of foreign capital.

Neither of the above actions of the Government have, however, thus far resulted in the incorporation into the Mining Law of any express amendment, and land regulations reserving mineral areas for the Government further restrict the participation of foreign capital in the field of mining. Specific legislation would presumably be required for effecting the recently announced policy.

MINERAL OUTLOOK IN 1945

There are prospects for the increased output of certain metals and ores in Free China for this year, but estimates are subject to modification by developments in hostilities and the current inflationary trend. Successful efforts having been made in 1944 to increase the output of petroleum products, production may witness a further increase this year. Coal output in 1945 will probably be maintained in Free China, and may even be increased as a result of the efforts made by the War Production Board, which was formed following the arrival of the Donald Nelson mission in late November 1944. The Chinese WPB announced a plan to greatly increase steel production in 1945 and to increase the mining and refinding of zinc, lead, and copper within the limits of practical possibility. It is believed that the output of strategic minerals and ores can be maintained at 1944 levels only with difficulty and with increased official financial and other support.

Cuba

Wartime Commodity Controls

Road - Making and Road - Repairing Equipment Held by Importers and Merchants Declared Subject to Government Control.—Road-making and road-repairing equipment of all types manufactured after 1940 and now in the hands of importers and merchants in Cuba have been declared articles of prime necessity and their distribution subject to government control, according to Resolution No. 359 of the Cuban Office for Regulation of Prices and Supply (ORPA) promulgated in the Official Gazette of June 20, 1945. Importers and merchants are required to submit a detailed report of their inventories to the ORPA, and the Ministry of Public Works is to have the priority in purchasing the equipment.

Beef: Control Measures Over Distribution and Consumption Revised.—In an effort to relieve the acute beef shortage in Habana, Cuba has issued Decree No. 1493, published in the Official Gazette of June 2, 1945, providing the following regulations for the distribution of beef:

(1) The live cattle price, basis Camaguey, is raised from 6.5 centavos to 8 centavos per Spanish pound.

(2) Retail ceiling prices at Habana are established at 22 centavos per pound for first-class cuts of beef, 18 centavos per pound for second-class, and 6 centavos per pound for third-class. For the remainder of the island, ceiling prices are 20, 16, and 6 centavos for the respective grades of beef. Previous ceiling prices were 24, 18, and 6 centavos, respectively, but were in force only in Habana.

[1] Joint Enterprises in China (those in which both Government and either Chinese or foreign private capital participate) are governed by special regulations.

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Written at the management level and is designed to be helpful to veterans, war workers and employees in civilian enterprises who are seriously considering the establishment of a Shoe Repair Business. Those already in business may also find this handbook helpful.

(3) Slaughter quotas are abolished, and new slaughterhouses may be freely established.

(4) Slaughterhouses may sell directly to consumers from trucks, thus eliminating the retail butcher.

(5) The prohibitions on slaughter and consumption of beef on Tuesday and Friday are suspended.

(6) The system of permits to transport cattle is maintained.

(7) The use of cattle and beef will continue to be restricted for the manufacture of jerked beef, canned meats, and sausages.

(8) For each head sold, cattlemen are required to pay 50 centavos into a fund which will be used to pay a subsidy to slaughterhouse labor, whenever cattle slaughter is insufficient for their employment.

Ecuador

Tariffs and Trade Controls

Articles of Prime Necessity: Special Customs Treatment Granted at Macara.—The following articles of prime necessity when imported through the Ecuadoran frontier customs of Macara on the Peruvian border have been made duty-free by a decree of the National Assembly of Ecuador on March 7, 1945, effective from its promulgation in the Official Register on May 7, 1945: Horses, asses, and mules; fish and shellfish, dried; wheat flour, pure; sugar, all kinds; spices of any kind and similar products; petroleum and derivatives; cement; laundry soap; artisan's tools and instruments in general; and farming implements and tools.

Under the provisions of the same decree, cattle, swine, and goats, when exported through Macara, have been granted unrestricted passage, and the following products will pay the following export duties in sucres: Cattle, 10 per head; swine, 5 per head; goats, 2 per head; dried skins, 0.05 per pound; coffee, 1 per quintal; condurango (a dye extraction seed), 1 per quintal; lard, 1 per quintal; and, cheese, 0.02 per pound.

Finland

Economic Conditions

The economic events in Finland during 1944, reflecting the effects of the active hostilities in June and the after effects of the armistice in September of that year, have been summarized in Kommersiella Meddelanden, Stockholm, May 1945, while other Swedish publications have also supplied interesting information on Finnish economic conditions during that period.

Agriculture

The lack of labor, horses, and tractors was a serious handicap to Finnish agriculture in 1944, and although an increase in planted area was planned it is estimated that actual areas cultivated, in comparison with the preceding year, were 34 percent less for root crops, nearly 12 percent less for oats and hay, and slightly less for bread grain and potatoes. Weather conditions were unfavorable. There was a late spring, in many sections rainfall was excessive during the growing and the harvest seasons, and autumn frosts occurred very early in many places.

Because of insufficient cultivation and the scarcity of synthetic fertilizers, average yields were less than in 1943, and, as a consequence, the total yield was below average. The decline (compared with the previous harvest) was 14 percent for bread grain, 28 percent for oats, 42 percent for root crops, and 44 percent for potatoes. The hay harvest was about the same as in 1943.

Forestry

During the felling period 1943–44 the quantity of saw timber cut totaled 179,000,000 cubic feet (compared with 161,000,000 cubic feet in 1942–43) and the quantity of various kinds of round timber felled also increased—to 13,500,000 cubic meters (solid measure) as compared with 12,000,000 cubic meters during the previous felling period. However, it was not possible to accumulate stocks, as the planned totals were not reached because of deficient felling in the fall of 1943, though felling was satisfactory in the 1944 winter season.

To meet increased requirements for fuel and for industrial purposes, the felling program for 1944–45 called for a cut of 43,000,000 cubic meters (against a planned 36,000,000 cubic meters for the previous felling year), but various adverse factors prevented the attainment of this objective. Among these factors were: additional mobilization during the summer of 1944, lack of clothing for workers, disinclination of demobilized troops to perform forest work, and a shortage of horses and of implements. The resulting deficiency created a serious lack of fuel in the cities.

Industry

Industrial operations in 1944 were on the whole about the same as in 1943. Mobilization during the summer of 1944 caused a labor shortage, particularly in the export industries, but upon demobilization in the fall this shortage gradually disappeared.

Serious difficulties have been encountered in producing the industrial goods needed for reparations deliveries, reconstruction, and the elimination of shortages of goods, as the stoppage of trade with Germany and her allies increased the difficulties in obtaining the required raw materials.

During the early part of 1944 the "export" industries continued to operate at the low level which prevailed in 1943, but in the third quarter of 1944 their activities fell still further. The decline was particularly severe in the paper and the sawmill industries.

Most branches of industry producing for the domestic market showed some increase in activities during the first three quarters of 1944, as compared with the corresponding period of the preceding year, but in the textile industry the value of production diminished considerably.

Building construction was greatly hampered by lack of materials and labor, although the lack of housing facilities was aggravated by immigration from Karelia, bomb damage, and German destruction in north Finland.

Foreign Trade

The total value of Finnish foreign trade in 1944 according to preliminary statistics, was 15,500,000,000 Finnish marks, a notable decline from the total for 1943 of 21,593,100,000 Finnish marks.

Imports showed a tendency to decline from the beginning of 1944, as Germany, the principal source, found difficulty in supplying Finland's needs; they remained considerable, however, until September, when they dropped off upon severance of relations with Germany. In December, when Sweden (the sole supplier) extended the necessary credits, imports revived. During the year the value of imports declined by 30.8 percent, to 8,919,600,000 Finnish marks, while the value of exports declined by 24.5 percent, to 6,580,900,000 Finnish marks. The volumetric decline was greater than the total values indicate because of price increases. The balance of trade showed a smaller excess of imports than in previous war years, but this resulted in an aggravation of the shortage of goods. The quantity of merchandise sold on the domestic market diminished considerably. From incomplete preliminary statistics the payments made abroad are estimated to have exceeded receipts by 1,740,000,000 Finnish marks.

Price Levels

Price levels were more constant in 1944 than in the preceding year. The cost-of-living index rose 3 percent, from 197 to 203. The greatest increase was for clothing (9.8 percent), although the index for heat and light rose 2.2 percent, and the index for taxes increased 2.6 percent. The wholesale price index reached 314 at the end of 1944, but the increase for the year was only 7.9 percent, as compared with 11.5 percent in 1943 and 24.9 percent in 1942. The index for agricultural products rose from 283 to 294 during 1944.

French North Africa

Economic Conditions

A list of commodities of which there was a surplus in Tunisia available for export on April 15, 1945 has been circulated recently by the Tunisian Foreign Trade Office. Most of the exportable supply of some of these commodities will go to France but certain products will be available for shipment to the United States.

The products available for export which are of greatest interest in the United States are fairly large quantities of cuttlefish bone warehoused at Sfax, sheep casings available in Tunis, 50 tons of sponges available in Sfax, and substantial amounts of esparto grass and palm leaf fiber and manufactures.

Various other products in considerable quantity are available for export but are

either earmarked for France or are of little interest in the United States from such a distant source as Tunisia. Such items are cork (9,000 tons all earmarked for France), phosphates (about 1,500,000 tons but with transportation to port limiting the actual amount available), iron, lead, zinc and manganese ores, sea salt, glass tumblers, onions, carrots, and lemons.

The high level of prices prevailing in Tunisia makes it difficult to import from that source and sell at a profit under ceiling prices in the United States.

Transport and Communication

Transport Estimates for French Morocco.—It is estimated that in 1944 all transport in French Morocco covered 12,000,000 passenger miles, 36,000,000 freight miles and carried 154,000,000 ton-kilometers of freight. These figures include only traffic registered through government control. In addition, it is estimated that 15,000,000 ton-kilometers were made by farmers and others on short hauls, for which no license was required. Approximately 40 percent of the total freight moved was military.

French Oceania

Tariffs and Trade Controls

Decime Surtax on Customs Duties Increased.—The amount of decime surtax levied on imports into French Oceania in addition to the basic customs duties, was increased from 25 centimes per franc (2½ decimes) to 42 centimes per franc for all products on which a specific import duty is levied, according to an order of February 5, 1945, published in the Journal Officiel of that colony of February 15, 1945.

The order also provides an additional tax of 13 centimes per franc for products listed in the French Oceania tariff schedule with the notation "s. d." (sans decime), and on which until the date of the recent order no additional tax was imposed.

The following products which are already subject to the 25-centime surtax are exempt from this additional surtax: Tobaccos; cigars; cigarettes; wheat flour; dried vegetables; alimentary pastes; sea biscuits; iron and steel, rolled or forged in blocks, billets, and bars; fishing lines; concentrated and sterilized milk; prepared hides; soda; and table and cooking salt.

Certain Tariff Rates Modified.—Tariff rates were modified by the order of February 5, as follows:

	Francs per 100 kilograms
Tobaccos, smoking or chewing, cut or plug, snuffing, rolled or leaf	300
Cigars, all sorts	12,500
Cigarettes	10,000
Cement	Exempt

Construction-Iron Classification Changed.—The classification "iron (rough) for construction" is replaced by "iron and steel, rolled or forged in blocks, billets, and bars," by the order mentioned above.

Greece

Transport and Communication

Resumption of Ordinary Parcel-Post Service to Greece.—Effective at once, ordinary (unregistered and uninsured) parcel-post service to Greece is resumed, subject to the same rates and conditions as were in effect prior to the suspension of the service, according to the Postmaster General's Order No. 28441, dated (Washington) June 29, 1945, and published in the Postal Bulletin of July 3. The parcels will be subject also to the following restrictions:

(1) Only one parcel may be sent each 2 weeks from the same sender to the same addressee.

(2) The weight of each parcel is limited to 11 pounds, the length to 18 inches, and the combined length and girth to not more than 42 inches.

The licensing requirements of the Foreign Economic Administration are applicable to parcels for delivery to Greece, and arrangements for such licensing requirements are now being worked out.

Guatemala

Economic Conditions

A law regulating the conditions under which agricultural labor may be contracted for has been passed by the Guatemalan Legislature as Decree No. 102, effective on publication in the Diario de Centro America of May 22, 1945. This approves with slight modifications Executive Decree No. 75, published in the Diario de Centro America of March 15, 1945. The new measure is designed to regulate employer-employee relations applicable to agricultural labor.

The Legislature is at present considering a complete revision of the National Labor Code. Until the new labor code is enacted, all labor disputes occurring in Guatemala, in accordance with Legislative Decree No. 64 of April 9, 1945, published in the Diario de Centro America of April 17, 1945, must be submitted to conciliation, and, in the event that an agreement cannot be reached between the contending parties, the dispute must be submitted to arbitration.

Wartime Commodity Controls

Office of Coordination of Prices and Supplies Established.—To implement the Law of Economic Emergency effective April 21, 1945, an Office of Coordination of Prices and Supplies has been established in Guatemala by a government resolution which became effective July 1, 1945, and was published in Nuestro Diario of June 14, 1945. The purpose of the new agency, the Oficina de Coordinación de Precios y Abastecimientos, is to supervise the maintenance of the stability and economic balance of the country, by coordinating agricultural, industrial, and commercial activities, and administering the various emergency laws, regulations, and resolutions.

One of its major functions will be to authorize, suspend, and cancel licenses for purchasing, importing or exporting products or articles subject to control. It is authorized to propose to the Ministry of Economy regulations concerning the control of imports and exports; the purchase, sale, and rationing of products; to fix profits, prices, rents, incomes, wages, and rates of public services, and to fiscalize the intervention and expropriation of businesses which endanger the stability of the country. It is authorized also to impose fines and recommend additional penalties for infraction of the regulations.

Personnel of the new office will include a directive committee and whatever technical and administrative assistance may be required.

[For announcement of Law of Economic Emergency, see FOREIGN COMMERCE WEEKLY of June 16, 1945.]

Tariffs and Trade Controls

Coffee: Export Tax on Intransit Cargo Removed.—The Guatemalan export tax which previously applied to coffee of other than Guatemalan origin when moving overland and exported from Guatemalan ports has been removed by Legislative Decree No. 138 of May 30, 1945, published in the Diario Oficial of June 9, 1945, and effective the day after its publication. The new decree annuls Decree No. 2162 of October 28, 1938, which assessed similar export duties, taxes, and other charges as are applied to coffee of domestic origin or coffee produced in other countries when shipped from Guatemalan ports after crossing Guatemala by railway. In practice, the applicability of such export duties and charges had affected El Salvador to the exclusion of other countries.

[For announcement of decree No. 2162, see COMMERCE REPORTS of November 26, 1938.]

Haiti

Economic Conditions

While there were no outstanding developments of an economic nature in Haiti during the first quarter of 1945, the first 3 months witnessed a continuance of the favorable financial and commercial conditions which began in that country about 2 years ago.

Heavy exports tended to liquidate stocks on hand, and smaller imports during the same period resulted in a favorable balance of trade of $1,763,000, as compared with an unfavorable balance of $989,000 for the first 3 months of 1944.

The Treasury position on March 31, 1945, showed an unobligated balance of $1,191,800, as compared with $789,900 on the corresponding date in 1944. On March 31, 1945, the public debt stood at $12,086,600 as compared with $13,549,800 on March 31, 1944, while provisions for the payment of interest on the debt were made in full each month. Amortization payments were authorized amounting to $800,000 on the public works loan and $700,000 on the series A and C bonds. As the latter bonds are very firm on the New York market, it is

considered doubtful whether this amount can be purchased below par, and the bonds will consequently be called. (Payment of these amounts was subsequent to March 31, 1945.) The amortization of series A and B bonds is slightly behind schedule to meet the maturities in 1952 and 1953.

Crop Conditions and Movement

Shipments of coffee during the first 3 months of 1945 were heavier than those for any similar period in recent years. The 1944–45 crop has been estimated at approximately 25,000 metric tons, exclusive of the coffee grown for local consumption. On March 31, 1945 (the end of the first 6 months of the 1944-45 coffee crop year) some 14,000 metric tons had been shipped to the United States, or 60 percent of the 23,000 metric tons allotted to that country under the then current quota. (A new revision upward of Haiti's quota was announced by the United States in June 1945.)

Despite an unusually dry season, substantial increases in exports of bananas were made in the period under review, as shown by the following comparable figures of total exports (in stems) for the first 3 months in recent years: 1945, 867,696; 1944, 534,337; and 1943, 140,650. The banana monopoly contract for the exportation of Gros Michel bananas of six hands and over expired February 25, 1945, and negotiations were under way for the remainder of the quarter, resulting in a renewal of the contract on April 28, 1945, with certain modifications limiting the monopoly to specified sections of the country. Two new contracts were awarded for banana operations in the southern peninsula.

Production of raw sugar in 1944-45, although 21 percent below that of the preceding year, is 7 percent above the average of the past 5 years. All sugar from previous crops has been lifted and the current crop is moving normally.

The only movement of cotton during the quarter was shipments made in January amounting to 255 metric tons with a value of $86,829, as compared with 1,218 metric tons, valued at $253,427, shipped in January and March of 1944.

Sisal shipments for the first quarter of 1945 were 2,346 metric tons with a value of $434,028 as compared with 1,897 metric tons, valued at $365,036, in the corresponding period of 1944.

Domestic Trade and Price Controls

Retail trade was good during the first 3 months of the year, stocks being low more through shortages of supply in the United States than by any hesitancy on the part of importers to make purchases.

The wholesale trade normally buys heavily before the beginning of the year in anticipation of the increased retail demand after the sugar-grinding season opens in January and the cotton crop gets under way. Normally March is the month of heaviest retail movement, with coffee, cotton, and sugar production and movement reaching high levels. This is reflected usually in the circulation of currency, which reached an all-time high on March 31, 1945.

The principal purchases from abroad during this period consisted of kerosene, gasoline, cement, wheat flour, textiles, soap, iron and steel manufactures, and some machinery.

Efforts at effecting a more equitable distribution of imported cigarettes were made during March by the establishment of percentage quotas of the purchases of specified wholesalers and combination wholesale-retail dealers which must be sold on a wholesale basis to the smaller retailers who normally would not be able to procure stocks from the existing limited supply. Price ceilings were set up for the first time on domestic cigarettes, sales of which heretofore had been stabilized by the fixed prices on imported cigarettes.

A communique of March 13 provided for ceiling prices on sales of rayon, while another of March 24 established fixed prices on cottonseed cooking oil or shortening of domestic production as a result of the acute shortage of the latter item.

Foreign Trade

Increased exports and decreased imports, as compared with a similar period for the preceding year, resulted in a marked improvement in the trade balance. The first 3 months of 1945 showed a favorable balance of $1,763,000, as compared with an unfavorable balance of $989,000 in the corresponding period of 1944. According to preliminary figures, the United States accounted for 80 percent of both imports and exports.

The secondary ports of Haiti continued to gain in importance in the movement of exports. Although Port-au-Prince still remained the most outstanding outlet, and its export trade declined only 1.1 percent from that of the first quarter of 1944, it accounted for only 47.8 percent of the total value of exports as compared with 70.5 percent during the first 3 months of 1944.

Government Revenue and Expenditures

Government revenue during the first 3 months of 1945 showed an increase over the corresponding period of the preceding year of 7.9 percent, while an increase of 7.5 per cent was recorded in expenditures, following a normal pattern of seasonal fluctuations in revenue and fairly constant expenditures.

Construction Activities

Construction of all types continued at a low level as the result of a general shortage of construction materials. No large or important projects are under way or are under consideration for the early future, except a new textile mill and some improvement to dock facilities in Port-au-Prince.

Labor Conditions

Employment for wages has never been an important factor in the Haitian economy, with the exception of the large-scale operations undertaken by SHADA (the Société Haitiano-Américaine de Développement Agricole). Employment by this company reached a peak of approximately 56,000 in 1943, and has since declined, dropping to approximately 4,500 on March 31, 1945. With the beginning of the sugar-grinding season in January the pay rolls of the largest sugar company increased from the idle season figure of 350 mill workers and 3,500 field workers to about 900 mill workers and 7,000 field workers. During the quarter under review seasonal agricultural work, especially cotton, gave employment to approximately 200 additional workers and the same number were employed on the construction of the new textile mill.

Labor conditions in general did not change during the period under review.

Wartime Commodity Controls

Coffee: Abolition of the Commission for Export Quota and Control.—The necessity for control of the coffee market having passed, the Haitian Government as of June 1, 1945, abolished the Commission for Quota and Control of the Exportation of Coffee, according to Decree Law No. 506, published in Le Moniteur of June 14, 1945. All functions regarding control of quality, and so forth, formerly exercised by this commission again have been vested in the Service Nationale de la Production Agricole et de l'Enseignement Rural.

Italy

Economic Conditions

General Confederation of Commerce Formed

Italian merchants and foreign traders desirous of resuming export-import business on a larger scale have formed a private organization called Confederazióne Generále Italiána del Commercio (CGIC), replacing the Fascist Confederation of Merchants. Most important of the organizations in its field, it expects to play an important role in foreign trade operations even during the present government-to-government regime but especially when free private trade has been reopened.

The CGIC will serve as the central coordinating body for some 40 national federations of merchants and traders in various lines. In addition to representatives of these national trade associations, the confederation has as members representatives of the Provincial Chambers of Commerce, which, in turn, represent local chambers and associations not only for commerce but also for industry and agriculture. The confederation thus provides for vertical as well as horizontal representation of commercial interests. Its constitution provides for an Assembly of the presidents of the member associations and Provincial chambers, to meet annually; a general council, to meet at least quarterly, elected biannually by the Assembly and composed of 36 members (18 representatives of national trade federations and 18 representatives of the Provincial chambers on a regional basis); and an executive board of 11 members, including a president, 4 vice presidents, representing respectively the national trade associations and the three regional areas (northern, central, and southern Italy) and 6 other members, all elected by the council. The charter of the CGIC was approved on April 29, 1945, and at the same time

a provisional general council of 14 members and an executive board of 5 members were elected and a legal representative named to act for the confederation until a president may be elected.

According to its constitution, the CGIC will respect the absolute freedom of all members, having no control over their establishment, administration, or activities, but merely protecting and representing their commercial interests as a whole and assisting in the conciliation of possible disputes between them. It does, however, have the right to choose for membership the single national federation, if there be more than one, which will represent a certain commercial category or the individual chamber which will represent a given region.

[Based on a report by H. Gardner Ainsworth, Foreign Service Officer.]

Mozambique

Transport and Communication

Transport Conditions in 1944.—The five State-owned railway systems in Mozambique comprise 1,128,056 kilometers of single or first track of 1.067 meter-gage (3'6''); 83,000 kilometers have been constructed since 1940. Total length of bus and truck routes is 2,382 kilometers. Freight carried in 1944 which originated on these railways amounted to 383,619 long tons and that which originated on others totaled 1,497,217 tons. Passengers carried numbered 747,489. Operating revenue (railways only) amounted to 62,811,879 escudos (1 escudo=approximately 4 cents in U. S. currency); other revenues from ports and rivers, bus and truck service, and airways amounted to 47,406,829 escudos. Operating expenses totaled 49,336,177 escudos (railways) and other expenses, 35,910,760 escudos.

Netherlands West Indies

Economic Conditions

Situation in Aruba

The high tempo of industrial activity in Aruba, as represented by refinery operations, was well maintained during the first quarter of 1945, with exports of petroleum products showing an increase of 8 percent as compared with the first 3 months of last year. While supplies of essential imports were sustained, other imports all but ceased because of the fact that allocations of dollar exchange were being made on the basis of business transactions for 1941, when practically nothing was imported. However, a more equitable basis was established for the allocation of dollars for the second quarter. The Curacao Legislative Council petitioned the Governor of Curacao in an effort to have the large Curacao firms purchase with dollars up to one-third of their guilder requirements to cover pay rolls, pointing out that foodstuffs and other supplies for such employees must be purchased from dollar countries. Representatives of Canadian gold-mining interests formed a company for the further exploitation of Aruban gold deposits. The labor shortage in the refining industry was partially relieved by the recruitment of some 500 workers from the British West Indies.

Industry

The large refinery in Aruba, which on March 15 completed the processing of the one-billionth barrel of crude oil to be processed by that plant since the beginning of operations in January 1929, continued to be well employed during the first quarter of 1945.

Principal increases in petroleum shipments of the first quarter of 1945 over that of the first 3 months of 1944 were as follows: Naphtenic acids, 133 percent; United States Navy Diesel oil, 106 percent; unfinished lubricating oil distillates, 106 percent; gas oil, 77 percent; commercial fuels, 64 percent; motor gasoline, 51 percent; and lower-grade aviation gasoline, 48 percent. Principal decreases were in tractor fuel, 94 percent; marine Diesel oil, 87 percent; kerosene, 55 percent; United States Navy grade 2 fuel oil, 28 percent; and 100-octane aviation gasoline, 15 percent.

During the quarter under review the refinery of a Canadian subsidiary which had been closed down on December 31, 1942, resumed operations on March 13, 1945, employing about 200 persons. The crude oil processed by this plant is obtained from Puerto La Cruz, in eastern Venezuela, and is known to the trade as Heavy Oficina Crude. For the present the activities of this plant will be confined to the processing of 8,000 barrels of crude daily in the production of Latin American gasoline (67-octane) and Navy grade 2 fuel oil (Fontu).

Mining

Gold was first discovered in Aruba in about 1825, and gold-mining operations on the islands were for years thereafter a Netherlands Government monopoly. However, after 1872 gold-mining concessions were leased to private enterprises. Available records indicate that in 5 years' operations private companies extracted a total of 9,595 ounces of fine gold. The last such firm to engage in gold mining on the island was an Aruban company formed in 1908, which paid a dividend of 25 percent to share holders on the first year's profits. This company did none of the actual mining itself, leaving that to the landowners who brought the ore to the company's smelters and were paid according to gold content. On this basis the company's operations continued to be profitable, but such profits were only possible with an abundant supply of cheap labor. With the establishment of the oil refineries in Aruba, which absorbed all available labor supplies at greatly increased wages, further gold-mining activities were rendered unprofitable and after the late 1920's ceased to be of importance in the island's economy.

Representatives of important Canadian gold-mining interests visited Aruba in March of this year to investigate the possibilities of further gold-mining activities on that island and reached the conclusion that, by utilizing modern methods not heretofore locally employed, operations might still offer very attractive possibilities. Concessions were obtained, and a company was formed under the laws of the Territory of Curacao, to be capitalized at 3,000,000 Canadian dollars. The Canadian interests are making arrangements now for the shipment to Aruba of machinery and equipment already in their possession.

Agriculture

Construction of one hydroponics unit of 36 beds, each 30 inches wide and 100 feet long, has been completed by the important refinery company in Aruba. Experiments with the growth of 25 different types of tomato plants are being conducted to determine the variety most suitable to local conditions, and other experiments are to be made with string beans and other green vegetables. Upon the results of these experiments rests the decision as to whether or not the company will build a second unit of similar size.

The second crop of kaffir corn, important in the native diet, thus far has fared somewhat better than usual, but much depends on spacing of rainfall up to the time of maturity.

Transportation

Shipping activities at the port of San Nicolas, Aruba, kept pace with the island's all-out petroleum-production program, while essential motor transportation on the island continued to be maintained by the release of new tires by the rationing board and by utilizing the tire retreading facilities now established in Curacao.

Construction

A United States firm located in Aruba obtained permission to operate as a building contractor, but building activity was limited largely to renovation and repairs. The construction of a larger building to house the local airport administration and of a girls' high school were projected.

Labor

The labor shortage in the important refining industry was somewhat alleviated by the arrival in Aruba during the quarter under review of approximately 500 workers, mostly recruited in Trinidad, Grenada, and St. Lucia.

By Curacao Government Disposition of February 22, 1945, the premium on Government sickness benefit insurance established in 1936 was fixed at 1.60 florins per calendar month for each insured employee in Aruba.

Taxation

The 50 percent surtax on gasoline retailed in the Territory of Curacao, including Aruba, was continued by Curacao Government Ordinance for 1 year from January 1, 1945, "to cover the increased expenditures caused by the war situation."

Foreign Trade

Aruban importers were placed in a very difficult position by the strict enforcement of the regulations of the Foreign Exchange Board designed to conserve available American dollars. Dollar ex-

change quotas allotted them for nonessential imports for the first quarter of the year were based upon imports for the year 1941, when there was very little import activity because of overstocking of goods locally and difficulties of obtaining merchandise in the United States and shipping to the Caribbean area. Consequently, with the exception of essential goods such as food and clothing, for which dollars continued to be allocated, there was little new import business during the opening quarter of 1945. However, the importers' outlook for the second quarter of the year was much brighter. After considerable discussion Aruban merchants who had not overdrawn their dollar quotas were granted a 100 percent increase, and those who were overdrawn were granted a 50 percent increase in dollar exchange allotments for the quarter ended June 30.

It is reported that numerous Latin American firms, notably Argentine and Mexican, have been soliciting trade connections with Aruban firms through the local Chamber of Commerce and Industry.

The only important item of export from Aruba, other than petroleum products, is aloes to the United States. In the first quarter of 1945 these shipments amounted to 80,243 pounds, valued at $21,784, as compared with 41,265 pounds, valued at $15,168, in the corresponding period of 1944. The relatively decreased value reflects the return to peacetime prices as a result of the reentry of the East African aloe into the field of competition.

Finance and Banking

According to the press, the Curacao Legislative Council, dissatisfied with the Queen's Government's letter of December 21, 1944, concerning the foreign exchange position of the Territory of Curacao, in March of this year addressed a lengthy communication to the Governor on the subject, pointing out that the greater portion of the wages paid thousands of employees of the Curacao industries must be used for the purchase of commodities obtained from dollar countries and suggesting that employers be forced to purchase the guilders needed therefor from the Curacaosche Bank against dollars instead of blocked pounds sterling from the Bank of England. It also pointed out that a considerable portion of the freight from and to the Territory which is now being paid in dollars could well be paid in guilders or pounds.

The Council, in its objections to the stipulations contained in the letter of December 21, 1944, states that it cannot be satisfied with the prospect of Curacao's having only $22,000,000 per year at its disposal for the next 2 years, whereas the requirements, with due regard to the present strict control, will be $32,000,000 or more. (See Foreign Commerce Weekly of April 14, 1945, page 23, for details of the December stipulations.)

In this connection the Council states it is necessary to take into account the fact that within the near future the coverage of the Curacaosche Bank, so far as its circulation and obligations are concerned, will no longer satisfy the legal requirements in that respect. The Council is of the opinion that further limitations and restrictions to which the new regulation would lead are unjustifiable because of its repercussions on the economy of the Territory.

The Aruba office of INCU (Incoop Centrale Curacao, the Netherlands Purchasing Commission in New York), which now controls prices, imports, exports, and foreign exchange, in addition to issuing an order restricting mail orders from the United States to $50 monthly per family, also added a number of items to the luxury list in order to conserve available American dollars for essential imports.

Total deposits received by Aruba's two banks during the first quarter of 1945 increased 16 percent as compared with the corresponding period of last year, whereas loans outstanding on March 31, 1945, were 6 percent larger than on the corresponding date in 1944.

New Zealand

Transport and Communication

Civil Aviation Developments.—The air service which operated between Dunedin and Invercargill, New Zealand, during the summer months was terminated on April 14, 1945. The services between Palmerston North and Gisborne, and between Gisborne and Auckland, were resumed early in April by Union Airways after a 5½-year interval, resumption being made possible by the release of a de Havilland 86 aircraft previously taken over by the Government.

Panama

Transport and Communication

Highway Extension Completed.—The extension of the concrete road from Cabo Verde in the city of Panama to the Trans-Isthmian Highway at Pueblo Nuevo de Las Sabanas, which was started in November 1944, was completed during April 1945. An expenditure of $105,837.24 was involved, according to an announcement by the Ministry of Health and Public Works published in the Panamanian press.

Peru

Transport and Communication

Air Line Operations.—During the first quarter of 1945 the four air lines operating in Peru made a number of changes in routes and schedules. Panagra (Pan American-Grace Airways, Inc.) reduced its service between Santa Cruz, Bolivia, and Corumba, Brazil, from three to two round trips per week to provide more service on the congested Lima-Balboa section.

LAN's (Línea Aérea Nacional) Tingo Maria-San Martin route, previously reported as having been abandoned, was continued as part of the Tingo Maria-Yurimaguas route, and irregular flights were made over it during the first quarter of 1945. Irregular service existed on some of LAN's other routes, and regular service consisted of the following: Iquitos-Yurimaguas-Iquitos, connecting with Faucett at Yurimaguas; Iquitos-Pucalpa-Iquitos; and San Ramon-Pucalpa-San Ramon, connecting at Pucalpa with the Iquitos-Pucalpa-Iquitos round trips.

Panair do Brasil, S. A., continued to operate its extension over Peruvian territory, from Benjamin Constant, Brazil, to Iquitos, Peru, with one round trip per week by flying boat to connect with Panagra's Lima-Iquitos service.

Changes in the schedules and frequencies of Faucett's (Compañia de Aviación Faucett, S. A.) service from Lima to southern Peru during the first quarter of 1945 increased its scheduled flights from Lima to Arequipa from 9 to 10 per week in each direction. One new flight was added between Lima and Tacna, Chile, with scheduled stops at Nazca, Arequipa, and Moquegua. On March 1 a route was inaugurated by Faucett between Lima and Tingo Maria with a regular stop at Huanuco. This is a commercial passenger and cargo service. It crosses the Andean divide and provides an air link between the Pacific coast at Lima and the upper Huallaga River of the Peruvian Amazon basin.

A daily service was planned by Faucett between Tingo Maria and San Martin but service did not start until April 2 and only 6 round trips were made during the month. While 15 round trips were expected for May, these flights depend on the amount of tobacco ready for air shipment at any given time. From Tingo Maria the tobacco is reshipped by truck to Lima.

On January 1, 1945, Faucett began the regular carriage of contract air mail between Lima and Iquitos, mail being carried on each flight weekly in each direction, which his direct and much faster than the service Faucett already maintained connecting with Línea Aérea Nacional at Yurimaguas.

Postwar Railway-Extension Plans.—Traffic was restored on the Chimbote-Huallanca railway in Peru as of March 12, 1945, following completion of repairs to the section damaged by the Huaraz flood in 1941. Postwar development work being studied includes connecting the Southern Railway of Peru with the new port at Matarani, extending the rail line northward from Cuzco, extensions of the Chimbote railway to Huaraz and Recuay, and the extension of the Huancavelica line to Castrovirreyna.

Spain

Exchange and Finance

Opening of New Branch Banks Authorized.—The opening of new branch banks in Spain, with the approval of the Minister of Finance in each case, was authorized by a decree of April 13, published in the Official Bulletin of the State of April 25, 1945.

Permission to open new branches may be granted only to those banks and private bankers who are legally and actually operating in Spain at the present time.

An order of the Minister of Finance, published in the Official Bulletin of the State of June 3, 1945, sets up regulations for the establishment of new banking offices.

Turkey

Economic Conditions

Economic conditions in Turkey during the first quarter of 1945 showed little variation from 1944. Agricultural income was fairly well sustained, despite the suspension of trade with Germany. High prices persisted, after dipping slightly in the preceding quarter. Industrial output continued near record levels, whereas mining operations were not uniform. Foreign trade improved, being facilitated by the reopening to Allied vessels of the ports of Istanbul and Izmir. The foreign exchange supply expanded, note circulation and metal cover increased, and larger budget estimates were indicated.

Agricultural Income Steady

The agricultural situation during the first quarter of 1945 was generally favorable, although export demand for a number of products continued slow, partly as a result of high prices. Despite the loss of the important German market, the level of agricultural income was fairly well sustained, largely as a result of heavy British and American purchases of dried fruits and tobacco, Turkey's major export products. The sales of mohair, valonia, gum tragacanth and certain oilseeds (notably cotton, canary, sunflower, and linseed) remained light.

The steady improvement in cereal supplies was reflected in the bread situation—increased rations, an improvement in the quality, and removal of the export ban. The exportation of cereals, however, was permitted only against payment in free exchange. Rationing of olive oil was inaugurated in Istanbul, Ankara, and Izmir toward the end of the quarter as a shortage developed, partly because of the smaller 1944 yield (25,000 metric tons instead of the anticipated 35,000) and the uncertain outlook for 1945 because of the damage from storms sustained by olive and fruit trees in the Aegean area. The condition of livestock was satisfactory, despite the moderately severe winter.

More extensive development of cotton and silk was under way in the Hatay, and a further increase in the acreage under cereals, especially at the State farms in the valley of the Yesil Ismak, was reported. Because of heavy domestic demand, licenses for exports of silk or silk cocoons continued to be refused. A decrease for 1945 in rice acreage is indicated as a result of the recent antimalaria measure prohibiting planting of rice within 3,000 meters of villages, whereas prospects for a larger sugar yield are favorable.

Prices High

Prices generally remained high during the quarter, as shortages persisted in many products, particularly imported commodities. Although there were a few minor reductions in the prices of some locally produced commodities, the general level showed little variation, and was considered partly responsible for the slow sales of many export products.

During the final quarter of 1944 (latest available) the wholesale price index declined to 440.2 (1938=100) at the end of December from 453.3 in September; this compares with a high for 1944 of 470.6 in May and a low of 438.2 in November and 464.3 at the close of 1943. The various components of this index registered the following changes: Vegetable products, end of December, 506 (535.2 end of September); animal products 593.3 (514.1); raw materials and semifinished products 353.3 (351.9).

To compensate government employees for the high cost of living, the Government decreed 1 month's additional salary for the fiscal year 1944 (ended May 31, 1945).

Industry Active

Industrial operations during the first quarter of 1945 showed little change from the high level of 1944. With shortages persisting in practically all imported products, domestic output was limited only by available raw materials, although the problem of obtaining capital replacement parts was becoming more serious.

The textile factories were fully occupied, with the large modern woolen mill at Bursa operating with extra shifts, and the trend of cement output continued upward. Lack of cellulose hampered operations of the paper factories and a scarcity of hides restricted activity at the leather plants. A small factory for the manufacture of agricultural tools was opened during the quarter at Adapazar.

Production of some of the leading industries during 1944 (latest available) was as follows, with 1943 data in parenthesis, in metric tons: Government and private cement factories 290,000 (200,000). Iron and steel: coke 208,000 (182,900); blast-furnace output, 69,000 (55,000); open-hearth, 60,780 (42,748); rolling mills, 44,313 (36,228). Paper, 12,583 (1,304). Government factories: cotton yarn, 9,608 (9,056); woolen yard, 3,800 (3,753); cotton cloth, 60,000,000 meters (45,948,000); woolen cloth, 3,987,000 meters (3,383,000). Shoes: for the military, 730,000 pairs (900,000; for the public 181,000 (179,000).

Mining Varies

There were slight variations in mining activity during the quarter. Coal production was running above last year's level, chrome-ore output was lower, whereas little change was reported in lignite and copper operations. In 1944 (latest available) coal output totaled 3,564,000 metric tons (3,168,000 in 1943); lignite 531,600 (421,200); and copper ingots 10,968 (9,732).

Facilities at Divrik, the only current domestic source of iron ore, were expanded during the quarter with a view to speeding up output; the new installations included crushing machinery and automatic loading devices, as well as a workshop for the production of spare parts. Iron-ore output in 1944 totaled 90,430 tons, or about the same as in the preceding year. Petroleum drilling operations were continued in the southeastern part of the country, but no data are available on the results.

Foreign Trade Better

An improvement was noted in Turkey's foreign trade during the first quarter of 1945 as compared with the last 3 months of 1944, when the turn-over fell sharply as a result of the suspension of commercial relations with Germany. Although official Turkish statistics remain unavailable, it is estimated that heavy purchases of Turkish products by the United Nations, especially the United States and the United Kingdom, as well as increased imports from these sources, helped to offset to a large extent the loss in trade with Germany, which was normally Turkey's largest market and principal source of imports. Despite the improvement, however, import trade remained far below normal. The United States supplied small quantities of automotive and agricultural equipment, various iron and steel products, textiles, and certain other items highly essential for the national economy.

According to United States statistics, recently released, imports into the United States from Turkey during 1944 amounted to $49,882,000 as compared with $32,674,000 in 1943 and $17,438,000 in 1942. Exports from the United States to Turkey in 1944 totaled $11,627,000 against $87,281,000 (97.52 percent lend-lease) in 1943 and $15,980,000 (68.54 percent lend-lease) in 1942.

Trade with the Allies was also facilitated by the reopening of the ports of Istanbul and Izmir, where American ships arrived for the first time in several years. With the opening of these two major Turkish ports, traffic via the port of Iskenderun (Alexandretta), which previously played a major role in commerce with the United Nations, is expected to decline substantially.

The foreign trading area was slightly enlarged as commerce was resumed on a small scale with some Greek islands, and negotiations were reported with France for the sale of certain Turkish products. Small quantities of dried fruits, nuts, and chrome ore were also sold to Sweden. Other developments aimed at increasing Turkish trade were the removal of the export ban on cereals, negotiations with the Rumanian trade delegation (in February), and the departure in March of a Turkish delegation to London to negotiate a new commercial and financial agreement.

The granting of import licenses in Turkey continued to be governed by the essentiality of the product. In passing on these applications, the Import Associations (or Birliks) continued to play a dominant role. It might be observed that the granting of these licenses does not automatically assure foreign exchange; the latter requires a separate application, which is not considered until the import license has been obtained.

Free Exchange Rates Extended

The special exchange rates heretofore applicable only to pounds sterling and

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News by COMMODITIES

Automotive Products

Registration of Vehicles, Australia

Passenger cars registered in the State of Victoria, Australia, in December 1944 numbered 14. Seven were of United States manufacture, six were of British, and one was French. Total truck and utilities registrations numbered 167, 130 of these being of United States or Canadian make, 34 British, and 3 German.

New motor vehicles registered in the State of South Australia for the first 4 months of 1945 numbered 7 passenger cars and 129 trucks. Of the latter, 86 were of United States or Canadian makes. Most of the passenger cars were British.

Operation of Vehicles in Belgium

As of February 28, 1945, operation permits had been delivered in Belgium for 22,742 passenger cars, of which 842 were taxicabs, compared with 151,917 passenger cars (7,425 taxicabs and other cars for hire) registered as of January 1, 1940. Busses numbered 2,040 in 1940 and 454 in 1945; and trucks, 71,451 and 33,447, respectively. Of the latter figure, 2,047 were road tractors. The 1945 operation permits for motorcycles numbered 10,435 compared with 65,200 registered in 1940. In numerous cases operation permits have been refused by the Belgian authorities to conserve gasoline; in some instances permits have not been applied for; and in others, private automobiles have been requisitioned by the military authorities and are being used without permits by civil authorities.

Vehicles Registered in New Zealand

New motor vehicles registered in New Zealand during the first 4 months of 1945 consisted of 8 passenger vehicles, 187 commercial vehicles, and 23 motorcycles. The major part of passenger cars and motorcycles were of British makes, but most of the commercial vehicles were of United States or Canadian manufacture.

Situation in Union of South Africa

The demand for new passenger cars in the Union of South Africa will be greater than the supply for at least 2 to 3 years, according to a British press report. No cars whatever are in the hands of dealers. At the beginning of March 1945 the total stocks of used cars held by them throughout the Union were as follows: 1936 models and earlier, 851; 1937, 443; 1938, 423; 1939, 389; 1940, 184; 1941, 143; 1942, 43; total, 2,476. The situation is further aggravated by a shortage of spare parts.

A similar situation exists with respect to trucks; sufficient supplies to keep most essential services properly equipped are not available. In 1943 and 1944, 6,874 truck chassis were allocated but all have not arrived.

Beverages

Increase Expected in Output of Caña, Paraguay

Although the 1944 production of Paraguayan caña, a native rum made from sugarcane sirup, amounted to only 2,945,762 liters (1 liter=1.0567 quarts) or 40.6 percent of the fixed quota of 7,246,979 liters, prospects for the fulfillment of the 1945 quota of 8,315,640 liters are said to be good.

Weather conditions in the first few months of 1945 were favorable to increased yields of sugarcane during the 1945 milling season, which began in June, and the 1945 production of caña may exceed domestic consumption needs. If such is the case, the Paraguayan Alcohol Corporation, which controls the production and sale of caña and alcohol, contemplates exporting small quantities of the surplus caña to Argentina and Uruguay and holding the remainder as carry-over stock for 1946.

Chemicals

Development of Argentine Sulfur Mines

Plans have been made for intensive exploitation of the Argentine sulfur mines in the Territory of Los Andes, according to a foreign chemical journal. Development began in the latter part of 1941; one of the mines covers an area of approximately 11 square miles.

The sulfur, of volcanic origin, is 60 to 80 percent pure when mined and is refined to 100 percent purity, it is stated. For the separation of the pure sulfur three pressure boilers are in operation, each with a daily capacity of about 20 tons.

Imports of White Arsenic, Argentina

Argentina's maritime imports of white arsenic increased from 257 metric tons in 1943 to 1,489 in 1944. Mexico supplied almost the entire amount in both years. Imports in 1944 exceeded by 400 tons those in each of the prewar years 1938 and 1939.

Output of Zinc Oxide, Australia

Production of zinc oxide in Australia was undertaken during the war but has not been sufficient to cover essential needs, says a foreign chemical magazine. Additional quantities (150 tons monthly) will be imported from the United Kingdom to balance stocks.

Imports of Plastic Materials, Brazil

Brazilian imports of plastic molding powder and sheets from the United States totaled 1,550,970 kilograms, valued at 24,659,863 cruzeiros, in 1944.

Imports of plasticizers amounted to 54,987 kilograms, valued at 733,251 cruzeiros.

Barbasco Production on Small Scale, Colombia

Barbasco production is being stimulated on a small scale in Colombia. About 250 acres will be planted in Aracataca in the banana zone and 100 acres in Mariquita in the Magdalena Valley. The output from these plantings is estimated at approximately 750,000 pounds of dried roots. As propagating stock, 90,000 stem cuttings were imported from the U. S. Department of Agriculture Experiment Station in Puerto Rico.

Superphosphate Supplies, Egypt

One factory in Egypt produces superphosphate. The plant is located at Kafr el Zaiyat and has an annual capacity of 20,000 tons of 16 percent superphosphate.

Imports of this material during the 2 prewar years 1937 and 1938 amounted to 73,244 and 54,269 metric tons, respectively. Consumption of superphosphate is small compared with nitrogenous fertilizers.

Decline in Output, Greece

As a result of the serious decline in production in Greece during the years 1941–44, the index of industrial activity in chemical fertilizers decreased to 50 percent of the average 1938–39 figure on

Costa Rica's Rubber-Production Prospects Encouraging

An American rubber plantation in Costa Rica consists of 2,500 acres, and the soil is so rich that the trees mature as much in 4 years as they do in 5 years in the Netherlands Indies. Moreover, an interplanting of corn benefits the growth of the rubber to the extent that another year is saved in maturing the trees. The income from the interplanted crop helps to pay the difference in labor costs, which are higher in Costa Rica than in the Far East.

The plantation is in charge of an experienced agriculturist. Although the present yield is only 8 tons per year, or 400 pounds per acre, with the new high-yielding trees which have been planted it is believed that 1,000 pounds an acre will be produced, and within 5 or 6 years the output is expected to be 1,200 tons per year.

April 30, 1945, according to Greek Government estimates.

Activity in the aniline-dye industry was 25 percent of the 1938–39 average.

Damage to Explosive Plants, Italy

Dinamite Nobel, largest producer of explosives in Italy and a subsidiary of Montecatini, reports extensive damage to plants at Bussi, Orbetello, and Carmigno in central Italy, and curtailment of production at the upper Italian plant. Stocks declined sharply, and gross profits decreased 28 percent, according to the company's annual statement for 1943–44.

Phosphate-Bearing Areas to be Explored, Mexico

Possible phosphate-bearing areas in the State of Nuevo Leon, Mexico, will be prospected under three mining concessions granted for their exploration and exploitation, says a foreign chemical magazine. The concessions cover approximately 67 acres northeast of Monterrey.

Nicaraguan Imports

Nicaragua's imports of chemicals, pharmaceuticals, and allied products had a valuation of $1,603,452 in 1944, accounting for 15 percent of total imports, according to preliminary Nicaraguan customs statistics.

Imports of chemicals and pharmaceuticals were valued at $1,031,360, and the remaining $572,092 consisted of explosives, cosmetics, paints and varnishes, soap, and matches.

Use of Fertilizers Increased, Northern Ireland

The use of fertilizers increased markedly in Northern Ireland after the war started, according to the Ministry of Agriculture. Consumption increased from 69,744 metric tons, valued at £468,000, in 1939–40 to 165,000 tons, valued at £1,318,000, in 1943–44.

In the prewar year 1937–38 consumption totaled approximately 49,000 tons, valued at £250,000.

Increase in Guano Production, Peru

Although guano production in Peru increased 13 percent in 1944 over that of the preceding year, none was available for export, according to a foreign chemical magazine. Comparable figures are shown as 78,842 and 69,696 metric tons, respectively.

Scarcity of Carbon Black, Sweden

Printing in Sweden will appear in a less dense black, according to the Swedish press. Supplies of carbon black were imported from the United States before the war and then from Germany. Stocks that were estimated to be sufficient to last through 1945 will now have to be stretched over 18 months, which will necessitate the use of less carbon in ink.

Domestic production of carbon black is probable, but the quality is not expected to be as good as the imported commodity.

Source of Calcium Revealed, Calvinia, Union of South Africa

Tests have revealed a high calcium content in minute shells from large deposits discovered to extend over a wide area in the Calvinia district of South Africa, according to a foreign chemical publication. The shells show promise as a soil improver and their use may make it possible to supply farmers with a low-cost material.

A processing plant with a monthly capacity of about 10,000 tons will be erected.

Carbon-Monoxide Indicator: Sweden Has Efficient New Device

An indicator which is said to reveal the presence of carbon monoxide gas in concentrations as low as 0.01 percent in 1 minute 20 seconds has reportedly been perfected by a Swedish engineer. Patents have been secured for it not only in Sweden, but also in other European countries.

The Swedish press claims that the indicator will have a wide sale for use in boiler rooms, kitchens, steamers, and closed trucks and busses, and that gas works, chemical laboratories, and other industries and institutions also have shown an interest in it.

Particular advantages of the new invention are said to be a permanent, unchanging filtering medium, the fact that it operates without a pump, and the low estimated price of not over 125 Swedish crowns.

The best indicator now on the Swedish market is made in the United States and sells for 4,000 crowns.

Arrangement to Obtain Potassium Nitrate, Union of South Africa

Because of the difficulty experienced by South African importers in obtaining supplies of potassium nitrate from India, arrangements have been made with the Indian Government for the release of a sufficient amount to cover the Union's essential needs, according to the Director General of Supplies.

Imports will be made through commercial channels, but because of the shortage of this chemical it can be obtained only for purposes other than fertilizer.

DDT Production Limited, Union of South Africa

DDT is available in South Africa at present only for experimental purposes, since supplies cannot be imported, according to the Ministry of Welfare. Production is limited to small amounts from a pilot plant; tests have shown these to be of satisfactory quality.

A factory with sufficient capacity to supply the Union's needs is expected to be completed soon.

Benzol and Tar Output, United Kingdom

Crude benzol obtained from coal in the United Kingdom amounted to 100,300,000 imperial gallons in 1944, according to the British Ministry of Fuel and Power. A small amount of benzol obtained from tar distillation is not included in this total.

Tar output totaled 2,100,000 long tons, or approximately 416,000,000 gallons, in 1944.

Postwar Demands for Coloring Agents, Uruguay

Uruguay's estimated demand for coal-tar colors, dyes, stains, and color lakes is estimated at 450,000 pounds, valued at $495,000, during the first year following VE-Day, and for the second year at 325,000 pounds, valued at $357,000. Normal requirements are about 325,000 pounds, but backlog demand brings the figure up to 450,000 for the first year.

Germany formerly dominated the Uruguayan market for dyes; postwar competition is expected from Switzerland and the United Kingdom.

Construction

New Canadian Housing Committee Established

Building permits issued by 204 municipalities in Canada totaled 3,568 during the first quarter of 1945, of which 2,831 were for new construction and the remainder for conversion of existing dwelling units.

An Interdepartmental Housing Committee has been established in Ottawa, Canada, by the Departments of Finance and Reconstruction. Among the functions of the committee will be to make a survey of the need for housing in all parts of Canada, make recommendations on the best means of increasing supplies of building materials, and plan for the housing of veterans.

Housing Situation in Iceland

Despite extensive construction activity in Iceland during recent years, the Housing Committee Survey disclosed that 213 families in Reykjavik still were living in temporary dwellings at the end of 1944. In 1943, the most recent year for which data on building operations are available, the 251 structures which were erected included 141 residences, 22 workshops and factories, and 80 storehouses and garages.

Projects For New Zealand

Plans have been announced by the New Zealand Government for large housing projects near Auckland and Wellington. Work on the Auckland project is expected to start this year, and the completed development will include schools, shopping and social centers, and approximately 8,000 houses in an area of 2,000 acres. The Government has completed plans for the acquisition of three large tracts of land for housing projects near Wellington. Since these tracts are some distance from the city, improved and increased highway and other transportation facilities will be required when the dwellings are ready for occupancy.

Building permits issued in Auckland, Wellington, Christchurch, and Dunedin, the four principal cities in New Zealand, during January 1945 totaled 504, of which 485 permits were for dwellings.

Why Can't We Import Meat From Canada? Here's the USDA's Answer

In response to numerous inquiries recently as to why meat cannot be imported into the United States from Canada, the United States Department of Agriculture recently issued the following statement:

"Canada has made commitments to ship its exportable surplus of meat to the United Kingdom and to liberated areas. Most of the meat shipped to the United Kingdom is supplied under the mutual-aid (free contribution) program, and most of that shipped to liberated areas is a part of Canada's contribution to the United Nations Relief and Rehabilitation Administration.

"The Canadian export commitment to the United Kingdom is a minimum of 500,000,000 pounds annually (about 20 percent of Canada's total estimated production in 1945). However, efforts are being made, as in 1944, to exceed this figure substantially, although hog production is down about 35 percent from last year. The Canadians have already this year shipped to the United Kingdom slightly more meat than the United States. This availability to the United Kingdom from Canada entered into the decision to allocate no United States meat to the United Kingdom for the July–September quarter of 1945.

"It is estimated that in addition to the foregoing the shipments by Canada to liberated areas in 1945 may reach about 110,000,000 pounds as canned meat. Canada also is continuing to assume the responsibility of providing meat for certain areas, such as Newfoundland and British West Indies. Altogether, exports may be 30 to 35 percent of this year's total meat production in Canada.

"To obtain meat for export and to restrict domestic consumption, Canada utilizes a system of Government requisitioning at inspected packing plants. This is similar to the set-aside system employed in the United States to procure supplies for lend-lease and the military services. Slaughter plants in Canada are required to reserve for oversea delivery all grade-A hogs everywhere, all grade-B hogs in western Canada, and 65 percent of grade-B hogs in Ontario and other eastern Provinces. These two grades comprise the bulk of the hog marketing.

"Canadian consumption of meat is at a lower per capita rate than last year, and canned meat has been withdrawn from civilian consumption except for certain priority users. Per capita consumption of meat in Canada this year is expected to be about 10 pounds higher than in the United States.

"To import meat into the United States, an export license must be obtained from the Canadian Government, and no permits for export to the United States are being issued at the present time. Some meat from Canada, however, is being furnished to the United States military forces.

"In addition to its contribution of meat, Canada has made available to the United Kingdom and the British armed forces substantial amounts of dairy products."

Planned expansion of the Wellington water-supply system will call for the construction of 37 miles of pipe line, the pipe varying from 27 to 36 inches in diameter. Concrete-lined welded steel pipe, of which each section will be 25 feet long and from one-fourth to seven-sixteenths of an inch thick, will be used.

United Kingdom Orders Swedish Prefabricated Houses

The United Kingdom recently placed an order in Sweden for 5,000 permanent-type prefabricated timber houses as a result of a mission sent to Stockholm in March to arrange for obtaining such houses. The dwellings will be of four types as follows: A semidetached two-story house designed for rural England; a semidetached two-story house designed for Scottish urban areas; a two-story terrace-type dwelling; and a two-story type designed for rural Scotland and England, with one bedroom on the ground floor and two on the second. Each type will have an entrance hall, one or two porches, living room, kitchen, bath, fuel and storeroom, and two or three bedrooms.

Materials used in the construction of all the dwellings will be as follows: Foundation of dwarf brick, concrete walls on concrete slab, or concrete slab only; floors of timber; walls, timber-framed, the wall units adequately insulated and clad externally with vertical timber boarding; roof of pitched timber covered with domestic materials; and party walls and fireplaces of brick or concrete. Electric lighting will be used, and the living rooms will have facilities for heating with a solid fuel.

Electrical Machinery and Equipment

Condition of Electric-Power Stations, Netherlands

In the section of the Netherlands which had been liberated by the middle of March (including nearly all the Province of Limburg, Noord Brabant, and Zeeland, and a small part of Gelderland), only one electric-power station was found to be intact. The plant at Geertruidenberg, the largest in the area, was demolished completely, and the high-tension transit lines in Noord Brabant were cut at 1,600 points.

Although some electric power was available in most towns soon after the area was liberated, provision of electrical power for industrial purposes continued to be a problem in May. Since output from the coal mines in the region is about 50 percent short of meeting requirements, the power stations have not had sufficient fuel. Repairs are being carried out with the greatest possible speed, and it is believed that increased power production will soon be available for industries in the area.

Foodstuffs and Allied Products

Improvement in Food Situation, Belgium

The food situation in Belgium was reported to be better in May 1945 than it had been since before the war. During the month the basic food ration was raised from 1,868 to 2,038 calories per person per day. Although many food items were in short supply, particularly imported foods, generally speaking nearly all Belgian consumers could obtain sufficient calories to meet their minimum essential food requirements.

Substantial arrivals of imported wheat, plus commercialization of domestic bread grains, combined to produce sufficient stocks of wheat and flour to assure the continuance of the bread ration of 400 grams per day through the end of the current harvest year. Not only was this bread ration higher than during any previous period, but the quality of the bread was greatly improved over that available during German occupation.

The meat situation remained critical. The ration in May was only 35 grams per person per day, and one-half of this had to be taken in the form of canned meat, such as Vienna sausage or meat and vegetable stew. No substantial change in the meat ration was expected during the next few months, but if imported livestock feed arrived in large volume, it was hoped that a substantial amount of pork would be available during the fall and winter months.

Prices of butter declined somewhat, because of spring production and higher margarine rations. Prices of eggs, chickens, rabbits, and other items, however, remained high. Eggs, for example, were about $2 per dozen. Coffee, tea, and spices were scarce and expensive.

Production Targets, New Zealand

The following New Zealand production targets for 1945–46 were announced in February 1945, by the Minister of Agriculture: Butterfat, 190,000 long tons; meat, 480,000 tons; wheat, 300,000 acres; oats (threshing) 60,000 acres; barley, (malting) 38,000 acres; corn, 12,000 acres; peas, 35,000 acres; potatoes, 37,500 acres; and onions, 2,000 acres.

In March 1945, the Minister of Agriculture announced meat and butterfat increases required during the next 3 years for New Zealand to fulfill its obligations under the United Nations Agreements regarding world food supply. He

set the target for butterfat production during 1946–47 and 1947–48 at 200,000 tons and 210,000 tons, respectively, and said that the production of meat must be increased from 486,000 tons to 530,000 tons.

HIGHER PRODUCTION OF HOGS AND POULTRY ENCOURAGED BY GOVERNMENT, U. K.

Hog production is reported to be the greatest casualty of Great Britain's wartime agriculture. Early in the war cattle were given first priority among the farm animals because of the urgent need for dairy products and the ability of cattle to subsist on pastures, hay, straw, and root crops, with a minimum of grain and millfeeds. Despite the fact that permanent grasslands were reduced from 18,800,000 acres in 1939 to 11,700,000 acres in 1944, cattle increased by more than 500,000 head and milk production rose to a marked extent. The number of sheep was reduced by approximately 25 percent. Hogs and poultry, consuming the greatest amount of grain products and formerly imported to a large extent, were last on the priority list and suffered the greatest reductions. Poultry was reduced by almost one-third and hogs by 58 percent between June 1939 when they amounted to 4,677,000 head and June 1943 when they numbered 1,811,000 head. By the first of June 1944, they had increased to 2,217,000 head.

On April 21 it was announced that in view of the promising war situation and the prospective world shortage of meat, the British Government had examined the possibility of encouraging the expansion of production of pork, bacon, and eggs. A scale of increased feed rations for pigs and poultry was announced.

In addition to increasing the basic rations for hog producers, it was agreed that there would be no acreage deductions from ration allowances to producers after June 1, 1945. An increase in the fixed prices for livestock, including pigs, for the year beginning July 1, 1945, gives further incentive for increased production.

Coffee

VENEZUELAN CROP

The 1944–45 crop of coffee in Venezuela (October 1, 1944, to September 30, 1945) is officially estimated at 950,000 sacks of 60 kilograms each.

Exports of coffee from Venezuela in the first 7 months of the 1944–45 crop year, amounted to 252,101 sacks, as compared with 226,481 sacks in the corresponding period of 1943–44.

Dairy Products

BUTTER FOR STORAGE, SWITZERLAND

The Swiss dairy industry was able to store 5,000 metric tons of butter produced in the summer of 1944 for use last winter. It is expected that 12,000 tons will be produced in the current season of which 5,000 tons will be stored. To do this, the output of full-cream cheese will have to be reduced.

MILK SALES (ENGLAND AND WALES), U. K.

Figures on the quantity of milk produced for sale in England and Wales during the war years have recently been released on an April-March basis and include all milk handled by the Milk Marketing Board. The greatly expanded demand for fluid milk is reflected in the sharp increase in the sales for liquid consumption at the expense of sales for manufacture.

Sales during the years from 1933–34 to 1944–45 are included in the following table:

[In millions of gallons]

Year	For liquid consumption	For manufacture	Total
1933–34	643	213	856
1934–35	665	316	981
1935–36	664	360	1,024
1936–37	681	309	990
1937–38	752	311	1,063
1938–39	763	317	1,080
1939–40	761	348	1,109
1940–41	860	200	1,060
1941–42	926	114	1,040
1942–43	1,002	109	1,111
1943–44	1,039	141	1,180
1944–45	1,057	131	1,188

At the end of March 1945 there were 131,254 registered producers wholesaling milk in England and Wales. The total number of licensed retailers was 53,480. This represents an increase of 2,825 producers selling milk wholesale, and a reduction of 2,464 producers holding producer-retailers' licenses.

Fruits and Vegetables

POTATO PRODUCTION, CANADA

Canadian farmers anticipated planting 540,000 acres of land to potatoes in 1945, according to a survey made the last of April. This figure is not only 16,400 acres more than the 523,600-acre goal set in December, but larger than the acreage of any preceding year of the last 15, except 1931, 1934, and 1940. In view of the considerably larger acreage, the 1945 crop is expected to exceed the 72,000,000 bushels recommended.

The 1944 production of 82,348,000 bushels of potatoes compared favorably with the 1943 production of 72,568,000 bushels and the 64,286,000-bushel average for the period 1935–39. A record yield per acre during 1944 was reported to be responsible for the increase. All of the increased yield was in the eastern Provinces; the four western Provinces produced 20 percent less than in the preceding year.

Certified-seed potatoes, including Foundation and Foundation-A seed, comprised 5,599,000 bushels of the total crop in 1944. Exports of seed potatoes from Canada during the 10 months from July 1944 through April 1945 totaled 3,405,884 bushels as compared with 1,470,009 bushels exported during the full 1943–44 marketing year, which was considered a fairly normal period. Exports of table potatoes during the July–April period amounted to 6,666,846 bushels.

CANADIAN FRUIT SITUATION

The seventh annual marketing agreement between the Canadian Government and the Nova Scotia Apple Marketing Board, Ltd., covering the 1945 crop, has been completed.

The new agreement differs but little from the one of last year. The cost to the Dominion Government of the tree-removal program is limited to $100,000 instead of $150,000. The estimated cost of the total financial assistance is correspondingly reduced to $3,100,000.

There is no change in the amount of industry assistance in respect to dehydrated apples, i. e., 9 cents per pound for a maximum quantity of 15,070,000 pounds (the equivalent of 1,100,000 barrels of fresh fruit) less 13.7 pounds for each barrel (135 pounds) of fresh apples sold by the Board outside of Canada, Newfoundland, and the Gulf islands. However, a new feature is the provision that applies for such exportation must be packed in barrels or must be no smaller

Flax Stubble Utilized by Buenos Aires Industrialists for Textiles

Four Buenos Aires industrialists, after 3 years of study and experimentation, have succeeded in manufacturing cloth from thread made from flax stubble, ordinarily left in the field to be burned after harvesting of the main crop, says a statement by the Office of Inter-American Affairs.

The thread is said to have a high degree of resistance, and the textile produced from it an excellent appearance.

Initiating the industrial venture was Dr. Oscar C. Barotelli, public official of Buenos Aires, with three technical collaborators, who believe that their process for utilizing flax waste will create a new industrial resource, as well as a new agricultural supply, in Argentina.

Bundles of the raw material are first combed to separate the usable fibers, which are processed by loom, then chemically treated and given high-temperature baths, followed by cold baths, in order to obtain disintegration of the fiber. It is then passed to centrifugal machines, steam dried, and mixed with wool, after which it is ready for the spinning mill. Technical engineers are working to produce a still stronger flax thread which may be used for textiles alone without the wool mixture, says the O. I. A. A.

The thread thus obtained does not require special machinery, and can be manufactured into cloth in any spinning mill, the producers assert. Neither is the cultivation of any special type of flax necessary. The "dust" from the remains of the flax stubble is sent to cellulose factories.

It is estimated that approximately 7,500,000 acres are planted in flax in Argentina each year, each hectare producing from 1 to 2 tons of straw with about 1 ton of waste.

than 2¼ inches in diameter if shipped in bulk.

Another new feature is the provision that industry assistance will be extended to the extent of 95 cents per dozen for not exceeding 150,000 dozen No. 10 (105 fluid-ounce size) tins of Choice quality solid-packed canned apples, each dozen of such tins produced by or for the Board being in lieu of 13.7 pounds of evaporated apples on which industry assistance may be claimed.

As in the preceding year's agreement, the Government agrees to pay 19¾ cents per pound, f. o. b. processing plant, for amounts up to 9,000,000 pounds of Choice quality evaporated apples which qualify for industry assistance.

As previously, the Board must dispose of 250,000 barrels of fresh apples for consumption in Canada and Newfoundland.

USES FOR APPLES AND PEARS, SWITZERLAND

Switzerland harvested 1,167,600 metric tons of apples and pears in 1944, as compared with 970,000 tons in 1943. About 41 percent of the fruit was consumed fresh, and about 31 percent used for hard cider, according to the Swiss press. The remainder was canned, dehydrated, converted into sweet cider, pear sirup, or vinegar, or used for animal feed. A small quantity was exported.

Grains and Products

INCREASE IN RICE CROP, CHILE

The largest rice crop in Chile's history is forecast by the Ministry of Agriculture in its first published report of the season. Production of rough rice in 1944–45 is placed at 1,634,354 metric quintals (1 metric quintal=220.46 pounds), about 9 percent greater than last year's crop of 1,498,169 metric quintals and about 40 percent more than the 1,163,708 metric quintals produced in 1942–43. In terms of milled rice, on the basis of a 62 percent turn-out, production in metric quintals for 1942–43, 1943–44, and 1944–45 would be 721,499, 928,865, and 1,013,299, respectively.

Meats and Products

PROJECT TO TRANSPORT MEAT BY PLANE, BOLIVIA

Bolivia is one of the lowest per capita meat-eating countries in the world. Its population consumes about 60,000 tons annually, whereas, according to the League of Nations' standards, it should consume 132,000 tons. It is the purpose of the Bolivian Government to increase the consumption of meat to a norm of 157,000 tons by 1957, which with the normal increase in population should bring the meat consumption to League of Nations' standards. It is also planned that no later than 1957 all meat requirements will be produced in the country.

The Bolivian Development Corporation has under consideration a project for the transportation of meat from the cattle-producing area in the Department of El Beni to La Paz by plane. In this way it contemplates that abot one-half of the meat needs of the people of La Paz can be supplied immediately without being obliged to await the development of a road.

Bolivia is both an exporter and an importer of cattle and an importer of meat, but imports far exceed exports. As a result, substantial amounts of foreign exchange are needed for the purchase of a commodity which is in large supply in the country but which is now barred from the consuming centers in the Altiplano because of the lack of roads and the substantial distance between the lowland areas in which are large numbers of cattle and the highland areas where the large consuming centers are located.

The project calls for the tapping of a large cattle-grazing area, lying roughly within the boundaries formed by lines connecting the villages of Reyes, San Borja, San Ignacio, Trinidad, Santa Ana, Santa Clara, and Santa Rosa, and a grazing area extending along the Rio Beni north from Reyes. This area will be tapped through an airport to be constructed at Reyes, at which point it is contemplated that a simple slaughterhouse will be constructed. Cattle will be held at Reyes and killed for immediate transportation by plane to La Paz. Until such time as a refrigerating plant can be constructed, the slaughter operation will be coordinated with the flying weather so as to have only sufficient meat available for transportation as can be handled by the planes operating.

Each plane will be expected to make 50 trips per month and to carry 3 metric tons of meat per trip. The transportation charge is expected to run between 4 and 5 bolivianos ($0.095 and $0.119 U. S. currency) per kilogram (2.2 pounds).

Sugars and Products

SUGAR OUTPUT AND TRADE, PERU

Favorable weather conditions in early June led Peruvian sugar growers to forecast that their 1945 output would probably be somewhat in excess of the 444,000 short tons of sugar produced in Peru during 1944.

Production, excluding chancaca (a hard molasses), amounted to about 28,000 short tons in both March and April 1945, or a cumulative total of about 105,000 short tons for the first 4 months of 1945.

Consumption of sugar in Peru is placed by the National Agrarian Society at about 55,000 short tons during the first 4 months of 1945 as against 50,858 tons in the corresponding period of 1944.

Peru exported 34,318 short tons of sugar in March 1945, whereas April exports were about 18,000 tons, according to preliminary figures. During the first 4 months of 1945, about 104,000 short tons of sugar were exported compared with about 118,000 tons for the corresponding months of the preceding year.

Fuel Gases

REPAIRS TO METHANE-GAS PLANTS, ITALY

War damage to the methane-gas industry of northern Italy is being repaired, according to reports in the Italian press. Work on two plants which were destroyed and the damaged pipe line between Pietramala and Florence was started in May. Production will be increased by putting into operation the gas wells at Consandolo and Gallore.

BOTTLED GAS IN MEXICO

Consumers of bottled gas in the city of Chihuahua, Mexico, now number 1,000, of whom 900 are householders and 100, commercial firms. Approximately 90 percent of the gas is shipped in from the United States; the remainder is secured from domestic sources.

Glass and Products

MARKET FOR GLASS, SAUDI ARABIA

Merchants in Saudi Arabia have been placing unusually large orders for glass,

Foreign-Flag Air Lines May Now Place Orders With U. S. Manufacturers for Transport-Type Planes

Aircraft manufacturers will be given priorities assistance in obtaining new materials, where surplus materials cannot be obtained or used, for the production of commercial transport-type aircraft for use by foreign-flag air carriers, the War Production Board announced on July 6. This means that foreign-flag air lines may now place purchase orders with United tSates manufacturers for transport-type aircraft upon obtaining export licenses approved by the State Department, WPB said.

This action was taken by issuance July 6 of Direction 1 to Preference Rating Order P–47–a (Foreign Flag Air Carriers). Consideration of priorities assistance, however, will be given only when the proposed equipment is to be used for war-supporting, reconstruction, relief or rehabilitation activities.

WPB said that manufacturers should attach a list of the types of aircraft to be produced and the applicable export license numbers when submitting CMP–4B applications for priorities assistance for the procurement of materials.

On May 17, WPB issued Order P–47–a granting priorities assistance to manufacturers for materials to be used in the production of civilian transport aircraft to meet the urgent needs of American-flag air carriers who required additional equipment. The new action, WPB said, gives similar assistance to United States manufacturers producing commercial transport planes for foreign accounts.

particularly in India, since the Middle East Service Center Decentralization Plan, which put glass on the free list, became effective January 1, 1945. Orders covering the first three quarters of 1945 are said to total 299,090 gross kilograms. Approximately one-third of the quantity on order is for lamp chimneys and similar glassware. The amount of sheet glass included in the orders is 15 metric tons.

The size of the orders undoubtedly represents excess buying prompted by several years of stringent control. Owing to shipping difficulties, imports since the outbreak of the war have been insignificant, and as a consequence prices have been very high. Ordinary water glasses of defective workmanship, small imports of which occasionally come in from Eritrea, have been selling for as much as $1.05 each.

The great bulk of the population have no glass in their windows and for general household purposes utilize crude pottery utensils of domestic make, but there is a good opportunity for the sale of glass items among the higher-income and foreign groups. A ready market also exists for old bottles. There is no domestic glass-making industry in the country.

Iron and Steel

Operations in Iron Mines, Newfoundland

The two operating iron mines at Bell Island, Newfoundland, employing 1,200 men, went on a 6-day week the latter part of March. Summer operations were also expected to include the reopening of a third mine, and the employment of about 240 other miners. The output of the mines is absorbed by steel mills at Sydney, Nova Scotia, but if shipping conditions permit it is hoped to export between 250,000 and 500,000 tons of ore to Great Britain during the year.

Leather and Related Products

Shoe Exports Decline, Brazil

Export data show that Brazil's shipments of shoes decreased in quantity in 1944 by approximately 20 percent from those of 1943, whereas an increase of about 10 percent occurred in the total value. In 1944 shoe exports amounted to 86,592 kilograms, compared with 106,344 in 1943, and were valued at 5,087,072 cruzeiros and 4,754,434 cruzeiros, respectively.

Canadian Imports

Canadian imports of raw hides during the first quarter of 1945 were valued at $882,000 (Canadian currency), a considerable decrease from imports with a value of $1,423,000 during the corresponding quarter of the preceding year, reports an official Dominion publication.

Imports of unmanufactured and manufactured leather were valued at $730,000 and $795,000, respectively, during the first 3 months of 1945 compared with $755,000 and $637,000 during the corresponding period of 1944.

"Crushed Bort" and Industrial Diamonds: Future Supply Situation Looks a Bit Ominous

World stock piles of diamond powder (crushed bort) will be virtually exhausted by 1947 as consumption is running approximately 35 percent in excess of the current available supply, War Production Board officials told members of the Industrial Diamond Industry Advisory Committee at a recent meeting.

Production of crushed bort increased 50 percent in 1944 over 1943, but demand still continues far in excess of supply, officials of WPB's Miscellaneous Minerals Division disclosed.

Diamond powder is used principally in the manufacture of grinding wheels, division officials said. The powder is impregnated in the wheel, which is usually made from metal or some resinous product. They reported, however, that other abrasives could be substituted where the surface to be ground or polished did not require tools of maximum hardness. They emphasized that diamonds are by far the hardest known substance.

WPB reported that Great Britain had indicated its willingness to maintain present shipments of bort to this country through the balance of 1945 and 1946 even though shipments are exhausting stock piles. In 1947, however, world consumption will be limited to approximately current production.

Industrial diamonds for drills are in a somewhat similar position, according to WPB spokesmen. Demand exceeds supply. Beginning in 1946, stock piles will also be exhausted and world consumption will be limited to current production.

Eire's Foreign Trade

Increases were noted in the quantity and value of exports of cattle hides, sheepskins, and lambskins from Eire during the first quarter of 1945, compared with the corresponding quarter of 1944. Exports of cattle hides during the quarter, with comparative figures for 1944 in parenthesis, totaled 8,700 (1,844) hundredweight valued at £29,850 (6,510), and sheepskins and lampskins, 5,317 (2,114) hundredweight valued at £13,806 (6,362). Other types of hide and skin exports were valued at £1,250, compared with £269 during the corresponding period of the preceding year.

A considerable decrease, however, was apparent in the value of the exports of leather and manufactures—£161 during the first quarter of 1945, compared with £720 during the corresponding period of 1944.

Data regarding imports of leather and related products during the period under review, with comparative figures for 1944, are given in the following table.

Valonia Production, Greece

Production of valonia cups in Greece declined to only 2,000 metric tons in 1944, compared with a yearly average of 3,500 tons during the 1940–44 crop years and 11,000 tons during the last 5 prewar years. These figures represent the amount actually picked and placed in storage, although the yield was considerably higher. In May 1945, valonia stocks were estimated at about 6,000 metric tons.

Only two companies manufacture valonia extract, which is processed in the dry pulverized form, and their combined production capacity approximates 25,000 tons annually. Since the supply of domestic valonia cups usually was insufficient to cover the normal prewar requirements of the extract industry, some quantities were imported in bond from Turkey for processing and reexport.

Imports of Leather and Related Products

Item	First quarter 1944		First quarter 1945	
	Quantity	Value	Quantity	Value
Cattle hides, skins, and parts.....pieces	1,540	£786	20,850	£25,849
Leather, undressed:				
Sole or insole leather hundredweight	499	3,149	323	1,596
Other descriptions hundredweight	261	1,907	464	3,603
Leather, dressed:				
Upper (other than patent, varnished, japanned, and enameled) hundredweight	1,512	67,280	1,168	32,482
Hide, calf and kip (other than harness and upper) hundredweight	162	4,137	228	2,908
Other descriptions hundredweight	1,517	38,942	1,670	44,010
Tanning materials.do	19,944	36,024	15,910	31,764
Leather gloves and gauntlets.dozen pairs	153	1,155	101	1,002
Ladies' handbags and the like	-------	11,710	-------	2,123
Purses, pouches, and wallets	-------	3,918	-------	2,405
Trunks, bags, and other solid leather goods	-------	131	-------	305
Boots and shoes (of leather or skin in upper)[1].....dozen pairs	1,124	14,992	1,227	8,444
Other leather manufactures	-------	11,489	-------	10,824

[1] Excluding boots and shoes imported by parcel post.

Exports From Iceland

Exports from Iceland during 1944 amounted to 506,450 salted sheepskins, 12,070 tanned sheepskins, 201,420 kilograms of salted hides, and 293 kilograms of dried hides. Imports during the year included hides and skins valued at 1,917,000 crowns (6.5 crowns=$1 U. S. currency), leather clothing valued at 492,000 crowns, footwear valued at 8,138,000 crowns, leather goods, 428,000 and tanning and dyeing materials, 1,579,000.

Production of sheepskins amounted to 1,493 metric tons during 1944.

First Shipment of Mechanically Shelled Cashew Nuts From Brazil Arrives in the United States

The first shipment of mechanically shelled cashew nuts to be shipped from Brazil has arrived in New York, said a statement issued July 7 by the Brazilian Government Trade Bureau.

This experimental consignment of whole and cracked kernels amounts to two tons and was processed and shipped by the Indústrias Agroquímicas do Brasil, Fortaleza, Ceará. Nine more tons of mechanically shelled nuts are also en route to New York, and more will be exported from Brazil as soon as shipping facilities permit.

Predicting a wide use of Brazilian cashew-shell oil in the American manufacture of its derivatives, an officer of an American varnish and insulator company said that the quality of the nuts received was generally satisfactory. He added, however, that improvement in quality and efficiency of production, as well as larger yields, will be necessary before mechanical shelling is established on a sound commercial scale in Brazil.

Now that restrictions on the importation of cashews have been removed, the assertion is made that the United States can look to Brazil as a reliable source for broken kernels used by candy manufacturers and bakeries, as well as some whole kernels preferred by housewives for table purposes.

Some experts believe that with proper machinery Brazil will eventually be able to compete with the low-cost labor market of India, now the principal supplier of cashews to the United States.

The industry was developed in Brazil as a result of wartime curtailment of supplies from India. While in 1941 Brazil exported only 4,000 kilograms, in 1942 the volume rose to 86,460 kilograms. In 1943 exports dropped to 39,724 kilograms—principally in consequence of a lack of labor caused by concentration of strategic materials as well as a shortage of shipping space, says the statement by the Brazilian Government Trade Bureau in New York City.

Footwear for Armed Forces, New Zealand

Factories in New Zealand have supplied 3,000,000 pairs of footwear to the armed forces, both in the Dominion and overseas since the outbreak of the war. Shoes for civilians continued in short supply during the first quarter of 1945, as a consequence of the scarcity of skilled labor and the continued demand from the military.

Lumber and Products

Supply Situation in Algeria

A survey of the lumber-supply situation in Algeria, French North Africa, at the beginning of 1945 revealed depleted and in some cases completely exhausted stocks in all lines. Imports during the first 3 years of war were negligible and in the following years only minimum essential needs could be met. Lumber imported in 1943 and 1944 comprised principally pit props, railroad ties, telephone poles, small quantities of sawn lumber, and hardwood for wagon repairs, tool handles, and similar purposes.

Shortages of transportation and equipment have limited expansion of local production, and Algerian wood is not suitable for many uses. It is estimated that if cutting continues on the scale adopted as a wartime measure, forests will be seriously depleted within a few years.

Canadian Exports

Exports of lumber and allied products from Canada amounted to $8,028,000 in April, and to $34,960,000 in the first 4 months of 1945, according to a Canadian lumber journal.

Planks and boards were the largest item, accounting for $6,500,000 in April and $26,992,000 in the January–April period. These totals are considerably larger than the comparable 1944 figures.

The United Kingdom and the United States were the leading customers.

Forests in British Columbia, Canada, to Have Regular Air Patrol

British Columbia's northern forests will be regularly patrolled by air until October 15 in efforts to reduce large forest fire losses, says a Canadian lumber journal. Although aircraft have been used previously on special charter, this is the first season the British Columbia forest branch has had regularly detailed planes.

In 1944 three-fourths of the fire losses in the Province were in the Fort George district in the north.

Nicaraguan Exports

Nicaragua's lumber exports in 1944 amounted to 13,679,580 board feet, valued at $661,719, according to preliminary Nicaraguan customs statistics. These products accounted for 4 percent of the total value of all exports.

Production of Wood Goods by Swedish Company

Production of wood goods by the Swedish company Aktiebolaget Iggesunds Bruk declined from 22,500 standards (1 standard=1,980 board feet) in 1943 to 18,000 in 1944, according to a foreign lumber magazine.

The sawmill suspended operations twice during the year to relieve pressure on storage capacity. Output of the house, joinery, and boxboard factories was fairly well maintained. A new mill began production of laminated floor boards in June 1944, and sales are reported satisfactory.

Machinery, Other Than Electrical

Canadian Imports

Imports of tractors into Canada during the first 4 months of 1945 amounted to 9,382, according to the Dominion press. Imports for the 4 full years preceding were as follows: 1941, 22,557; 1942, 11,338; 1943, 8,342; 1944, 22,788.

New Zealand's Imports

New Zealand's imports of machinery in 1944 were valued at £NZ2,023,086. Among the more important groups were the following: Metalworking machinery and machine tools, £NZ387,004; woodworking machinery and machine tools, £NZ93,947; cranes and hoists, £NZ105,831; gas and oil engines (compression ignition type oil engines) £NZ50,835; other gas and oil engines, £NZ76,174; water turbines and pelton wheels, £NZ59,285; air-compressing appliances, £NZ78,202. Dredging and excavating machinery accounted for £NZ111,549.

Imports Into Panama

Panamanian imports of machinery in the first quarter of 1945 were valued at $561,435, compared with $679,890 in the first quarter of 1944 and $805,386 in the fourth quarter of 1944.

Swedish Market for Machine Tools

Swedish machine-tool manufacturers are keenly interested in developments in the United States, according to June reports from Stockholm. Both the members of the Swedish Trade Delegation, which visited the United States early in 1944, and Swedish engineers and industrialists who have spent some time here during the war period, have lectured extensively on industrial developments in the United States. The Swedish audiences seemed particularly interested in the fact that in the United States artists make their contribution to the streamlining of machinery.

While Sweden has a well-developed machine industry, there are indications of considerable interest in the purchase of United States machine tools and machine equipment of various kinds.

Medicinals and Crude Drugs

Production in Austria

Drugs now being produced in Australia on an industrial scale include many of the sulfa group, ascorbic acid (vitamin C), antiseptics, anesthetics, veterinary remedies, insect repellents, heart stimulants, and arsenical compounds, reports the British press. Penicillin is being produced on a scale sufficient to meet Australia's needs and provide a surplus for export to New Zealand and the East.

Eire's Imports

During the first 4 months of 1945, Eire's imports of cod-liver oil amounted to 366 hundredweight, valued at £3,443, compared with 29 hundredweight valued at £291, in the corresponding period of 1944. The value of imports of medicines and medicinal preparations from January through April 1945 was £123,882, a slight decrease from the value of imports of these products in the corresponding period of 1944, or £145,547.

French West Africa Studying Quinine Production

An experimental station for the study of the production of quinine has been established in French West Africa by governmental decree. It is estimated that by 1955 French West Africa will be able to satisfy its own needs for quinine salts.

Totaquina Production in Tanganyika and Uganda

Totaquina is being obtained from cinchona bark cultivated in the Usambara mountains of Tanganyika and more recently in Uganda, reports the British press. In 1942 a factory was built in Tanganyika, its output in 1943 being 6,300 pounds, mostly in the form of 5-grain tablets. The product contains an average quinine content of 35 percent, as well as a high percentage of other alkaloids believed to be almost as effective as quinine in the treatment of malaria.

Naval Stores and Resins

New Zealand's Imports

New Zealand's imports of turpentine totaled 124,499 gallons, valued at £NZ39,735, in 1944.

Rosin imports, amounting to 30,012 hundredweight, were valued at £NZ54,346.

Uruguay's Estimated Demands for Rosin

Uruguay's estimated demand for gum rosin during the first year following VE-Day is estimated at 1,100,000 pounds and that for wood rosin (except B wood rosin) at 4,200,000 pounds.

For the second year after the close of the war in Europe, demand is estimated at 900,000 pounds of gum rosin and 3,100,000 pounds of wood rosin (except B wood rosin).

Nonferrous Metals

Copper-Wire Production, Chile

The relatively new copper rolling mill in Chile, Manufacturas de Cobre S. A., is reported to be increasing its output of copper wire. This plant is expected to supply an important part of the copper-wire requirements of the country and is regarded as an important step toward the carrying out of a broad-scale electrification plan.

Gold Exports From Nicaragua

During December 1944 a total of 685 kilograms of gold was exported from Nicaragua. With a value of $771,301, this gold accounted for 71 percent of the total value of the export trade for the month.

U. S. Company Working Copper Deposits in South Africa

A United States company is currently working copper deposits at O'okiep in Namaqualand, Union of South Africa, according to the British press. While production of the old mine at the location was considerable, valued at £29,500,000 over a 50-year period, the area lay dormant for a quarter of a century. No information is available as to the extent of the reserves in the area.

Exploring Mining for Nickel, Venezuela

Exploratory operations have been reported at a location east of La Victoria in the State of Aragua, Venezuela, where a large body of low-grade nickel ore has been found. Exploitation will depend upon whether an economical metallurgical process can be developed for refining these ores.

Nonmetallic Minerals

Salt Production in Ceylon

Production of salt in Ceylon during the first quarter of 1945, amounting to 18,500 hundredweight, was considerably above normal first-quarter production, largely as a result of an unusually long drought. Generally in the third quarter of the year the strong southwest wind and high temperatures provide optimum conditions for output of a large portion of Ceylon's annual requirements of 780,000 hundredweight.

Exports of salt during the quarter under review were considerably above those for the first quarter of 1944 but below those of the last quarter of that year.

Graphite Exports From Ceylon

Graphite exports from Ceylon during the first quarter of 1945 were about 4 percent higher than in the last quarter of 1944 but approximately 40 percent below those of the first quarter in 1944. Producers, although hampered by labor, transportation, and equipment difficulties, decided to keep the mines open during the second quarter of the year in the absence of specific contracts, those with the British Ministry of Supply having expired on March 31, 1945.

Cement Production in Liberated Netherlands

Cement works in Limburg Province, in the Netherlands, were producing at about 25 percent of normal by the middle of March 1945. Limburg Province is in the area first liberated by the Allied armies.

Bauxite Exploitation, U. S. S. R.

The Krasnaya Shapochka bauxite deposits in the Soviet Union, which are claimed to be among the finest in the world, are being exploited with the opening of an aluminum plant at Bogoslovsk, according to the foreign press. Electric energy is being supplied by a 50,000-kilowatt turbine, and another turbine of 25,000-kilowatt capacity is expected to go into operation shortly.

Diamond Production, Venezuela

Diamond production in the Gran Sabana region of Venezuela amounted to 16,692 carats in 1944. An application to the Government for a concession to explore and work probable diamond-producing territory in this area was pending during the early part of 1945. If granted, this concession will be the first in a government reserve area.

Oils, Fats, and Oilseeds

Tung-Oil Production, Australia

In 1940, there were between 500 and 600 growers of tung in New South Wales and Queensland, Australia, and about

Imported Bulk Honey: OPA Permits Increase in Ceiling Prices

An increase of one-half cent a pound has been allowed by the Office of Price Administration in ceiling prices for sales of imported bulk honey by importers and dealers.

The action, effective July 2, 1945, is limited to regularly established importers and dealers who qualify as such under the regulation and specifically excludes import-brokers acting as agents for foreign sellers, OPA says. Import-brokers must receive compensation for their services from the foreign seller for whom they act as agents.

OPA points out that the increase was allowed to afford importers and dealers a sufficient margin of profit for importing honey from outside the United States.

Previously, the f. o. b. ceilings established for carload-lot and non-warehoused sales of imported bulk honey included a mark-up of only three-tenths of a cent. This amount, representing import costs and profits, did not provide a fair margin of profit to the importer or dealer, OPA explains.

No change in retail ceilings will result from the new action, which applies only to sales of *bulk* honey. Such sales usually are made to industrial users.

250,000 trees had been planted. In 1939–40, 207 acres were producing seed, and 836 acres had not reached that stage, according to the British press. About 19 tons of oil were processed in that year.

Tung Industry, British East Africa

Tung-cultivation trials have been carried out in several places in Kenya, Tanganyika, Northern Rhodesia, and Uganda, and results have been encouraging in some locations.

Considerable progress has been made in Nyasaland toward the establishment of a tung-oil industry. In 1940 a Tung Experiment Station was opened at Chisawanu, Cholo, where a scheme of cultural experiments is now in progress. A Tung Growers' Association was formed in 1938, and in 1942 a factory was opened for the processing of oil from the seeds. In 1943, the acreage under tung trees was 6,847 acres, a tremendous increase from the 51 acres in 1932. In 1939–40, 35 tons of tung oil were shipped to Australia from Nyasaland.

The Nyasaland Postwar Development Committee considers that tung offers the best prospects for large-scale development of another permanent crop.

Tung Acreage, Burma

In 1938–39 there were five commercial firms in Burma owning tung estates, and 4,800 acres had been planted, reports the British press. By the end of 1939, an estimated 10,000 acres were planted to tung trees in Burma, excluding those in Kengtung.

Canadian Imports of Vegetable Oils

During the 3 months ended March 1945, imports of vegetable oils in Canada were valued at $2,814,000, a decrease from the value of imports of these products in the corresponding period of the preceding year, or $3,072,000, reports the official Canadian press.

Chilean Output of Whale Oil

Chilean production of whale oil in 1944 amounted to 170,518 kilograms of baleen whale oil and 2,172,939 kilograms of sperm whale oil.

Recently the entire production of sperm oil has been used domestically in the manufacture of soap, since there is a general scarcity of tallow in Chile for that purpose. The total production of edible whale oil is being used for making oleomargarine and cooking oil. In 1944, domestic consumption of whale and sperm oil was reported as 917,713 kilograms. A new process for extracting vitamin B from whale oil is said to have been perfected.

Production and Exports, Dominican Republic

Since the Government of the Dominican Republic began to encourage the cultivation of peanuts and the production of peanut oil, the latter has become the main source of oils and fats in the national diet. In 1943 Dominican officials estimated that 200,862 tareas (6.5 tareas=1 acre) were planted in Spanish-type peanuts. It is estimated that a greater acreage is now devoted to peanut cultivation, mainly in the areas near San

Juan, Moca, San Jose de Ocoa, Loma de Cabrera, and La Vega.

Exports of peanut oil in 1944 amounted to 15 kilogram, valued at $2, a marked falling off from 1943 when 1,190 kilograms, valued at $420, were exported.

Exports of coconut oil in 1944 amounted to 696 kilograms, valued at $242, compared with 1,987 kilogram, valued at $817, exported in 1943. During the first quarter of 1945, 43,243 kilograms of copra, valued at $6,162, were exported. Exports of dried coconuts, during the first quarter of 1945, amounted to 80,064 kilograms, valued at $4,504, compared with 11,070 kilograms worth $628 in the entire year 1944 and 256,940 kilograms valued at $13,554 throughout 1943.

Exports of beeswax from 1940 through 1944 were as follows:

Year	Kilograms	Value
1940	222,245	$77,816
1941	314,371	177,288
1942	167,808	139,305
1943	151,217	106,194
1944	267,979	217,051

Exports of sesame seeds during the years 1941 through 1944 were as follows:

Year	Kilograms	Value
1941	4,339	$469
1942	7,695	1,716
1943	52,196	20,209
1944	60,200	22,638

Oilseed Crops, Guatemala

No official records of 1944 production or of 1945 estimates of plantings are as yet available for the oil-bearing crops (sesame seed, peanuts, unginned cotton, and soybeans) reported on by the Guatemalan Department of Agriculture. Trade sources, however, estimate that last year's harvest was about the same as that of 1943 for all but soybeans, which are thought to have been produced in somewhat greater quantity than in 1943. Interest has been increasing in the growing of soybeans as a means of enriching the soil. The field crops generally are planted at the beginning of the rainy season—usually in the early part of May—and are harvested in November and December. Indications are that 1945 plantings will be somewhat greater than last year's because of the domestic demand and continued ready market in the export trade.

Besides the crops above mentioned, castor beans are grown rather generally throughout the Republic, and corozo nuts, cacao-volador nuts, and coconuts are gather from the trees which grow wild.

The production of the oilseed crops, most of which is in the hands of small farmers, is largely consumed within the Republic, and some quantities of edible oils, shortenings, and lard are imported. Facilities for processing oilseeds in Guatemala are limited. There are four crushing plants with a total daily capacity of approximately 15 tons of seed. One uses a hydraulic press and the other three use expellers. Although all the equipment is several years old, oils satisfactory for soap making and consumption as cooking oil in the domestic market are turned out. The only fats or oils exported in commercial quantities are the essential oils of lemon grass and citronella. Production and export figures for the more important items in 1942 and 1943 are shown in the tables following:

Production of Vegetable Oils and Oilseeds

Item	1942		1943	
	Manzanas	Quintals	Manzanas	Quintals
Sesame seed	4,689	56,921	4,811	59,277
Peanuts	894	13,974	992	15,342
Unginned cotton	3,945	62,932	4,079	64,708
Soybeans	61	783	124	1,539

Exports of Vegetable Oils and Oilseeds

Item	1942	1943
	Quintals	*Quintals*
Sesame seed	2,353	6,371
Peanuts	146	808
Castor beans	3,028	1,997

Sesame is the oilseed produced in Guatemala in greatest quantity, and production in 1942 and 1943 increased greatly over that of previous years, according to official statistics. The 1943 harvest of 59,277 quintals (1 quintal=101.43 pounds) from 4,811 manzanas (1 manzana=1.738 acres) was the largest on record and represented an increase of 4 percent over 1942 production. The first reported exports were in 1942 from the 1941 crop.

The peanut crop harvested in 1943 totaled 15,342 quintals, an increase over the preceding year's production. Only occasional small lots of peanuts are known to have been crushed for oil, the demand for the nuts as food usually taking practically all the domestic production. The principal growing areas are along the Pacific slope and in the valleys

around Antigua, Amatitlan, Chiquimula, and Teculutan.

Cotton is grown principally along the Pacific coast in the Departments of Retalhuleu and Suchitepequez. No official figures are available on the amount of cottonseed produced, but all the seed not required for planting is readily absorbed by the local crushing plants. No commercial exports have been reported.

No official production figures are published on castor beans. There is little or no commercial planting, the limited amount of beans gathered coming either from small patches planted by farmers here and there throughout the Republic, or from wild plants. Small quantities of the beans have been exported, and from time to time some of the domestic production finds its way to the local soap factories.

Corozo nuts, while presenting many difficulties in the matter of cracking the outer shells and in gathering and transporting the nuts from the coastal areas where the trees grow wild, are being used to some extent by domestic soap manufacturers.

The trees from which cacao-volador nuts are gathered grow wild in the coffee-growing areas of the country and yield a nut with a high oil content (said to be 70 percent). Some of the local crushing plants are extracting the oil from cacao-volador for use in soap making.

Coconut meat (copra) is not available commercially for oil extraction. Coconut palms grow wild in the coastal areas in limited quantities but the coconuts gathered go rapidly into consumption for food.

Tung Cultivation in South Africa

It was estimated that in 1944 there were 130,000 tung trees in the Union of South Africa, most of them in Natal and the Transvaal, and in addition, about 100,000 in Swaziland. The crop in 1939 yielded 15 tons of oil and in 1943, 270 tons. Research work on tung cultivation is being undertaken at the Subtropical Horticultural Research Station, Nelspruit, Transvaal. A mill for crushing the seed has been erected at Germiston.

The South African Tung Growers' Association was formed in 1939, reports the British press.

Paper and Products

Further Paper Conservation Stressed in U. K.

The importance of continued paper salvage is being stressed in Great Britain by the Waste Paper Recovery Association which recently arranged a mobile exhibit depicting the part played by paper in the war effort and calling attention to the need for further conservation of waste paper. According to a British trade journal, the exhibition has been taken to many factories, besides being placed on display for the general public in a number of localities.

Paper Industry, North Wales, U. K.

Further development of the paper industry in North Wales, United Kingdom in the postwar era is envisaged by the businessmen of that region as a natural outcome of the program which has been carried out by the Forestry Commission over a period of years. To date the Commission has planted 31,959 acres in North Wales to conifers, and an additional 24,538 acres of the 79,786 acquired by the Commission are considered plantable. The North Wales Postwar Development Committee believes that the young trees which are thinned out each year might form the basis for an expanded pulp and paper industry. From them could come the raw material for wood pulp, newsprint and other paper, and wall boards, as well as rayon and wood wool used extensively in the aircraft industry. At present there are two paper mills in Flintshire.

Petroleum and Products

New Well in Saskatchewan, Canada

The first commercial oil well in Saskatchewan Province, Canada, was brought in in the late spring, according to the British press. The flow recorded for the first 5 days was 45 barrels daily. The well is 4 miles south of Lloydminster and only 1,000 feet from the Alberta Province boundary. While Alberta Province has long been the country's chief petroleum source, output has been decreasing for about 2 years.

Production in China

Between November 1944 and April 1945 production of petroleum in China increased 30 percent, according to the Foreign press. China's only important oil-producing area is in Kansu Province, which lies in the extreme northwestern part of the country. Because of the inaccessibility of the region, the Kansu Oil Administration, which is in charge of production in the area, has had great difficulty in obtaining equipment. It is to be presumed that since October 1944 both production and storage facilities have been improved and expanded.

Special Products

Pottery Production in Iran

All better grades of chinaware and pottery, including commercial ware and industrial, electrical, and sanitary pottery, sold in Iran are imported, usually from the United States, Great Britain, and various other countries, including the Soviet Union.

Although domestic pottery, which is made by more or less primitive methods, is rough in finish and easily broken, it is used almost exclusively by the lower-income groups.

The chief centers of pottery production in Iran are Qum, Kashan, Tehran, Isfahan, and Hamadan, the latter city being well known in the Tehran area for its rough-glazed, green chinaware. While no production figures are available, there is said to be an ample supply of Hamadanware and other types of domestic pottery, both glazed and unglazed, in the bazars.

Currently, the various types of Hamadan dishes are being sold for the equivalent of from 12 to 20 cents each. Russian-made ware is selling at about twice the price of the domestic product, whereas English and European ware retail at nearly eight times the price of Hamadan ware.

The better grades of pottery made in the United States appear to be preferred by importers, but pottery from other countries may have the advantage of lower price. No household ware from the United States is available at the present time.

All present stocks of industrial electrical or sanitary pottery in Iran were imported from Central Europe before the war and therefore cannot be compared in price with similar articles made in the United States.

Pottery Market in Lower California, Mexico

Tableware and pottery products sold in Tijuana and Ensanada, the two largest cities of northwest Lower California, Mexico, are imported, principally from the United States.

Small quantities of pottery goods are shipped in from the interior of Mexico. These consist largely of brown, glazed, earthenware pieces and are sold primarily to tourists.

The lack of a local pottery industry is due to the absence of raw materials in the immediate vicinity and the ease with which goods can be obtained, duty-free, from the United States.

The market for commercial and household china and pottery is small and ordinarily merchants carry only small stocks. When stocks must be replenished, it is customary for wholesalers or retailers to make their selection personally at the showrooms of wholesalers in the United States, usually in San Diego or Los Angeles.

A steady and growing demand for industrial and sanitary pottery is in evidence, but inasmuch as contractors are unable to obtain building materials at present, demands for such items will for the most part go unfilled until after the war.

On the whole, table china and pottery sold in the northwestern part of Lower California, sell for about 20 percent above retail quotations in the United States. Electrical and sanitary pottery, in particular, sell for as much as 50 percent above retail prices in the United States.

No particular likes or dislikes in regard to the type and quality of pottery and china goods have been registered by Mexican purchasers. Because of the prevalent wage scale, however, they represent a better market for low- and medium-priced goods than for higher-priced articles.

Prospects for a good postwar market for tableware and pottery products are considered bright. The population of the district is growing, and wages are expected to continue relatively high in the period immediately following the

war. Thus, there is likely to be a rise in the standard of living and a consequent demand for more and better goods.

Textiles and Related Products

Cotton and Products

Argentine Exports

Cotton exports from Argentina during April totaled 736 metric tons, of which 307 went to Chile, 205 to Cuba, 122 to Uruguay, and 102 to Bolivia. This makes a total of 2,177 tons for the first 4 months of 1945, as compared with 2,542 in corresponding months of 1944. Chile received 1,062 tons (776 tons in January through April 1944); Uruguay 706 tons (405); Bolivia 204 (none); Cuba 205 (1,331). Colombia has received no cotton from Argentina so far this year, but received 30 tons in the first 4 months of 1944.

Crop in Sao Paulo, Brazil

For the 1944–45 cotton crop 4,167,000 acres were planted in Sao Paulo, Brazil, as compared with 4,681,000 acres in the preceding year. Because ofthis reduction, as well as unfavorable weather in some areas, the crop is expected to be approximately 40 percent below that of 1943–44. Estimates vary between 250,000 and 300,000 metric tons.

From March 1 to April 30, 1945, 5,339 metric tons of cotton were classified in the Sao Paulo Cotton Exchange. Almost 90 percent was classified as grade 5/6 or better.

Parana cotton classified in Sao Paulo from May 1, 1944, to March 31, 1945, amounted to 6,977 metric tons.

Consumption in Egypt

From September 1, 1944, to April 26, 1945, cotton consumption in Egypt aggregated 630,791 cantars (1 cantar=99 pounds), as compared with 558,291 cantars in the corresponding period of the preceding season. Exports in like periods were 2,136,115 and 2,983,209 cantars, respectively.

The market was active during the first half of April, sales totaling about 3,000 bales daily. Demand fell off drastically during the second half, and daily sales fell below 700 bales, making a daily average for the month of approximately 2,000 bales.

Indian Market

From September 1, 1944, to April 21, 1945, approximately 2,071,610 bales (of 400 pounds each) of cotton arrived at principal Indian ports, compared with 2,052,893 bales in the corresponding period of the preceding year. Cotton exports from India in like periods aggregated 719,876 and 774,248 bales, respectively. From September 1, 1944, to February 28, 1945, Indian mills consumed 2,069,266 bales (2,117,978). Stocks held by exporters, dealers, and mills in Bombay as of May 10, 1945, were estimated at 1,316,977 bales (1,293,384).

Cotton Acreage in Iran

Approximately 122,500 hectares of land are being devoted to cotton growing in the Iranian year which began on March 21, 1945. This is a slight increase over the 1944–45 area of 117,500 hectares, which produced between 14,000 and 15,000 metric tons of ginned cotton. The crop was sufficient to supply domestic mills and leave an estimated carry-over of between 5,000 and 7,000 tons. No cotton may be imported during the current year, according to a recent decree of the Council of Ministers. It is expected that the current production, plus the carry-over, will meet the requirements of the country's mills.

Miscellaneous Fibers

Panamanian Exports of Abacá

Exports of abacá fiber from Panama totaled 428,600 kilograms, valued at $84,685, during March 1945, as compared with 206,235 kilograms, valued at $45,375, in February. In March of the preceding year 94,734 kilograms, valued at $20,625, were exported.

Flax Production in Peru

Flax grown in the sierra regions of Peru has a higher yield and produces better quality straw than that grown in the coastal areas.

Approximately 5,580 hectares were planted for the 1944 crop, and produced 1,300 metric tons of fiber and 2,000 tons of tow, according to recent estimates. In the preceding year, 9,328 hectares were planted, which yielded 1,248 tons of fiber and 3,000 tons of tow, as compared with 15,843 hectares, 3,200 tons of fiber, and 3,400 tons of tow in 1942.

Wearing Apparel

Clothing Demand in Greece

Ready-made clothes are in slight demand in Greece. Most clothing not fashioned in the home is created by a large number of small one- or two-man tailor shops in the larger cities.

Clothing Coupons Reduced, U. K.

The new clothes rationing period in the United Kingdom will begin on September 1, 1945, when 24 coupons become available. To maintain the rate of 4 coupons per month, the new period should have begun on August 1. Shortages in domestic clothing supplies have made it necessary to extend the period an extra month, thus reducing the current rate to only 3.4 coupons per month. The entire textile industry, from the yarn through to the finished clothing, is handicapped by labor shortages.

Tobacco and Related Products

Consumption in British Guiana

About the only tobacco products manufactured in British Guiana are cigarettes and smoking tobacco. There are two factories engaged in the manufacture of tobacco products, both located in Georgetown.

An estimated 210,000,000 cigarettes were produced in 1944. Of this amount it is estimated that 2,500,000 cigarettes were exported to the British West Indies.

While the per capita consumption of tobacco in British Guiana is not known, the amount of tobacco consumed, on the basis of raw materials imported, has increased tremendously during the past 10 years.

In 1937 total imports of tobacco leaf cleared for home consumption amounted to 381,380 pounds. In 1944, the quantity was in excess of 589,000 pounds.

Annual consumption of imported cigarettes averaged 6,700 pounds during the peroid 1937 to 1944. The consumption of cigarettes as reflected by local cigarette manufacture has increased. Cigarette tobacco leaf imported and cleared for home consumption increased from 139,379 pounds in 1937 to more than 460,000 pounds in 1944. Consumption of imported cigars increased from 430 pounds in 1937 to 879 pounds in 1944. Consumption of imported smoking tobacco has, as a result of reduced foreign supplies, gradually declined from 61,202 pounds in 1937 to 44,339 pounds in 1943 and 11,783 pounds in 1944. The drop in 1944 was due to sharply reduced shipments from the United Kingdom.

Consumption of black leaf tobacco has declined from 188,001 pounds, as reflected by the quantity imported and cleared for home consumption in 1937, to 128,815 pounds in 1944, principally as a result of reduced shipments from abroad.

(Continued on p. 55)

U. S. Export Control and Related Announcements

(Developments communicated to the Trade Controls Unit up to Monday, July 16, 1945)

The Foreign Economic Administration has issued the following Current Export Bulletins:

No. 636—*Current Export Bulletin No. 259, July 10, 1945*

The Foreign Economic Administration announces the following modifications in the BLT (blanket) license procedure outlined in Comprehensive Export Schedule No. 18, part 3, page 168:

A. Holders of a BLT license for *any* of the tools set forth in part B below are not required to present the document to the Collector of Customs at the port of exist when shipment is being made in accordance with the general provisions of the BLT license procedure and specific provisions of the individual BLT license for these tools against which shipment is being made.

1. The holder of a BLT license for such tools, when making shipment against that license, shall enter the following certification upon the Shipper's Export Declaration which is to be presented to the Collector of Customs at the port of exit: [1]
   The undersigned represents to the Foreign Economic Administration that the commodities described herein are being exported under the provisions of BLT (Blanket) License No._____, approved by FEA_____(date of validation).
   _____
   (Signed)
2. When this certification is made on the Shipper's Export Declaration, it shall be accepted for clearance on the export shipment in lieu of presentation of the actual BLT license itself.
3. The holder of the BLT license, when making shipment under this procedure, shall, at the time each individual shipment is made, endorse on the back of the license in the space reserved for collectors and postmasters the information as set forth in Comprehensive Export Schedule No. 18, page 170, paragraph *e* of item 1.
4. Such licenses when endorsed by the holder shall be held available for inspection at any time by the Foreign Economic Administration or the same information shall be included in a periodic report to the Foreign Economic Administration if so required at a later date, subject to the approval of the Bureau of the Budget pursuant to the Federal Reports Act of 1942.
5. Upon completion of shipment against the individual BLT license or at the expiration date of the validity of the license, it shall be returned with attachments, if any, to the Requirements and Supply Branch, Foreign Economic Administration, Washington 25, D. C.

Applicants should note that they must have firm orders on hand, at least equal to the quantities applied for on a BLT license, to export any of the tools set forth below.

B. Tools which may be exported in accordance with the BLT (blanket) license provisions outlined above are as follows:

Commodity	Schedule B No.
Tools: metal-cutting, CMP 362:	
Bits: cemented carbide: hard alloy.	617720, 744381.
Bits: router, tool, metal-cutting.	617720, 744381.
Blades: hand saw: metal-cutting.	615420.
Blades: cut-off, fininng, gear generator, saw (except diamond), metal-cutting.	744381.
Blades: hand and power hacksaw: metal-cutting.	615420, 744381.
Broaches: machine, flat spline.	744315.
Burrs: rotary: metal-cutting.	744319.
Chasers: threading	744381.
Counterbores: metal-cutting.	617000, 744381.
Countersinks, ship plate, metal-cutting.	617000, 744381.
Cutters: cemented carbide (hard alloy tipped), form relieved, gear shaper (spur, helical, herringbone) inserted blade, milling rack (gear cutting): metal-cutting.	617000, 741100, 74438.
Dies: button, cemented carbide drawing, threading (metal-cutting), wire drawing cemented carbide.	616820, 616920, 744381, 745503, 745509.
Drills: carbon steel: bit stock, blacksmith, straight shank.	617720, 744381, 745700, 745898.
Drills: countersinks, twist: metal-cutting.	617000, 744381.
Files: burrs: rotary, metal-cutting.	744381.
Heads, die: threading: metal-cutting.	616820, 616920, 744381, 745503, 745509.
Hobs: gear, metal-cutting	744381.
Hobs: threading	744381.
Knives: metal-cutting: machine, shear.	744381.
Laps: gear finishing	744317.
Mills: end, metal-cutting	744381.
Plates: screw	744381, 616820.
Reamers: align, bearing (main), busing (piston pin), connecting rod, conduit, metalworking (hand, machine), piston pin, pipe, valve guide.	617000, 744319, 744381.
Saws: solid circular, slitting: metal-cutting.	615515, 744381.
Taps: collapsible, metal-threading.	616820, 744381.
Tips: carbide, hard alloy	744381.
Tips: cemented carbide: hard alloy.	744381.
Tools: boring, metal-cutting	740309, 740407, 740409, 744305, 744313, 744381, 745598.
Tools: cutting, carbide tipped, tungsten-carbide tipped.	617000, 741100, 744319, 744381.
Tools: gear finishing	744317.
Metalworking machines and tools:	
Portable: power-driven, CMP 365.	705698, 745700.
Files and rasps, CMP 644	615810, 615850.
Tools: edge, CMP 645:	
Adzes	616000.
Augers: hand tools: woodworking.	615710.
Axes and hatchets	615300.
Bits: auger, gimlet, rim guide: spoke shaving woodworking: hand tools: not metalworking or rock drilling.	615710.
Blades: floor scraper	617810.
Blades: saw, band, circular, power: woodworking.	615517, 615520.
Blades: saw: not metalworking.	615517, 615520, 615698.
Cheese sampling tools, triers.	611900.
Chisel and punch sets, woodworking.	617810.
Clippers: animal: hand: not fetlock.	611900.
Countersinks: woodworking.	615710.
Cutters: gasket, glass, tile: hand tools.	617810, 617891.
Cutters and knives: machines.	611820, 763900.
Cutters: weed: hand	611900.
Hooks: bush	617898.
Knives: brush cutters, cane, dado draw, farriers, jointers, mortising, planer, scoring, siding, sugar cane, tobacco machine, veneer woodworking.	611820, 611900, 763900.
Machetes	611900.
Planes: carpenters, jack, jointer: hand type.	617810.
Pruners, tree	611900, 615698.
Pullers: weed: hand	617898.
Routers: woodworking: hand.	617810.
Saws: hack, buck, butchers, circular woodcutting, cabinet, cordwood, compass, coping, crosscut, (not logging, sawmill), dehorning, drag, hand (not metalworking), ice, keyhole, manually operated wood (not logging, sawmill), miter box, nest, pulpwood, pruning, rip, special-purpose wood.	615517, 615520, 615698.
Scrapers: floor, ship, wood	617810.
Scythes	611900.
Shears: hand: animal: grass, hedge, tree.	611900.
Sickles	611900.
Swages: saw, woodworking.	617898.
Tools: hand, including hammers other than ball peen (not metalworking or general purpose tools) CMP 646:	
Anvils	617898.
Augers: hand: closet, earth, posthole, sewer cleaning.	616200, 789998.
Awls	617898.
Bars: claw, crow, digging, ripping, tamping, wrecking.	617895, 617898.
Blowers: hand	617898.
Bobs: plumb	916029.
Box: miter	617898.
Braces: bit	617720.
Burrs: rotary: not metal cutting.	617810.
Clamps: bar "C", handscrew: hand tools.	617300, 617898.
Compasses: carpenters	617898.
Cradles: grain cutting	785900.
Cultivators: hand: not wheel type.	783900.
Currycombs	618500.
Darbies: plasterers	617898.
Dividers: carpenters	617895.
Drills: breast, hand-operated, woodworking.	617720.
Drills: star	617810.
Drivers, glaziers point	617898.
Drivers: post: hand	617898.
Edgers, groovers: cementers.	617898.
Edgers: lawn, turf: not wheel type.	617898.
Extensions: bit brace	617720.
Forges: hand, portable	617898.
Forks: hand: ballast, coal, coke, farm, fish, garden, hay, industrial, manure, rail, spading, stone, tampering, vegetable.	615900, 616100, 617898.
Frames: hand wood saw	615698.
Gauges: bit, carpenters	617898.
Grabs: log	617898.
Grinders: hand: spike, tool sharpening.	617896.
Guides: kit: handtools	617898.
Guides: paint brush	617898.
Guns: caulking, glazing, plaster, stucco.	617898.
Hammers: hand: not jack, tamping.	616000.
Handles: tool: wooden	428500, 428600, 428800, 429900.
Hawks: plasterers	429900, 620998.
Hods: brick, mortar	429900, 620998.
Hoes: hand: ash pit, farm grubbing, mortar.	616100.
Holders: sheet metal	617895.
Hookeroons	617898.
Hooks: bush, cant, clam, husking, manure, nurserymens, phosphate, potato, stone.	617898.
Irons, climbing	620998.

[1] The requirement contained in item 1 of part A has been approved by the Bureau of the Budget, under date of July 4, 1945, and approval number BB 31–RO82.1, in accordance with Regulation A pursuant to the Federal Reports Act of 1942.

Commodity	Schedule B No.
Tools: hand, including hammers—Continued.	
Irons, soldering	617898, 707490.
Jaws: bit brace	617720.
Jointers: brick masons: saw.	617989.
Ladders: wooden	429900.
Levels: carpenters	617898.
Lifters: can: handle type: sod.	617898.
Mallets: wood and steel	429900, 616000.
Mattocks	617898.
Mauls	429900, 616000.
Molds: bullets: home use	617898.
Nail sets	617898.
Paddles, plasterers	429900.
Peavies	617898.
Picks: heavy forged	617898.
Pincers	617300.
Pins: drift	617895.
Poles: pike	617898.
Positioners: welding: hand tools.	617898.
Pots: fire	620998.
Pullers: pole, post	789998.
Pullers: radio tube	617898.
Pumps: hand-operated: not farm, fire, industrial, measuring, and dispensing.	736500, 736900.
Rakes: hand: asphalt, farm, garden, industrial, lawn, stone.	429900, 616100.
Reachers: can	617898.
Removers: wallpaper: steam.	775098.
Rods: flexible sewer cleaning.	616200.
Rollers: linoleum, paperhanging, including brassed wood.	429900, 647998.
Rules: not drafting, machinists precision, office, school, sounding (ship).	429900, 617810, 617898.
Scoops: hand: shovel type	616200.
Scrapers: barn, sidewalk snow.	618800.
Shovels: hand, including snow: not short-handled bucket type.	616200, 618800.
Sieves and sifters: hand: not household, kitchen, and restaurant.	6091.98, 669198.
Sledges	616000.
Snakes: closet, drain, sewer cleaning: hand	616200, 616200.
Snaths: scythe	428500.
Soapstone: block hand sharpener.	540998, 541900.
Spades: hand tools	616200.
Squares: carpenters	617898.
Squeegees: floor, window	617898.
Stands: soldering iron	620998.
Stretchers: carpetlayers: fence.	617898.
Tape: steel measuring	617898.
Tips: soldering	617898.
Tongs: blacksmiths, clinker, ice, rail, tie, heavy forged.	617898.
Tools: caulking	617898.
Tools: hand: anvil, blacksmiths, mine blasting, railway track.	617895, 617898.
Tools: hand: cabinetmakers, carpenters, cement, concrete finishing, fiberboard, glaziers, leatherworking, masons, plasterers, pottery making, shell reloading.	429900, 616100, 617720, 617810, 617895, 617898, 620998, 916029.
Tools: hand: farm, garden, planting: not wheel type.	429900, 616100, 616200, 617898, 783900.
Tools: hand: farriers, fence, furnace, hog ring, hot line maintenance, linemans, logging, lumbering, mining, pole line construction, road building, roofing, sewer cleaning, stonecutters, turpentine.	616200, 617895, 617898, 620998.
Tools: paperhangers: not knives, scrapers, shears.	429900, 617898, 647998.
Torches: alcohol, blow, gas, gasoline, kerosene. thawing, not cutting and welding.	620998, 647998.
Trowels: bricklayers, cement, garden, margin, masons, plasters, pointing.	617898.
Vises: household and woodworkers.	616300.
Wedges: hand: steel	617898.
Weeders: hand	617898.
Wheelbarrows	799100.
Wool: aluminum, bronze, steel.	541300, 541900.

Commodity	Schedule B No.
Tools: hand: metalworking, general purpose, ball peen hammers, but not other hammers, CMP 647:	
Boxes: tool: not machine tool.	429900, 620998.
Brakes: hand bending: mechanics hand service tools.	617895.
Chisels: metalworking, including rivet busters.	617000.
Compressors: piston ring, valve spring, automotive maintenance type.	617895.
Cutters: bolt, pipe	617000.
Diestocks: hand	616920.
Drills: drift: mechanics	617730.
Drills: ratchet metalworking.	617720.
Drivers: piston pin	617895.
Drivers: screw: hand, spiral.	617898.
Extractors: screw	617898.
Frames: hacksaw	615698.
Nippers	617300.
Pliers: mechanics	617300.
Pullers: connecting rod, gear.	617895.
Punches: metalworking, mechanics hand service.	617000.
Reamers: cylinder ridge: automotive maintenance type.	617000.
Removers: piston pin	617895.
Scribers	617895.
Snippers and snips	617000.
Testers: valve spring: automotive.	617895.
Tools: hand: brazing (hand saw), carburetor, clutch pilot jewel and jewelers, metalworking, plumbers, specialized automotive, tinsmiths, tube flaring, valve stem lock, watchmakers.	611900, 617000, 617300, 617895, 617898.
Vises: bench (mechanics), cable splicing, jewelers.	616300.
Wrenches and wrench sets: adjustable, automotive, box, box end, die, machinists, monkey, open end, pipe, socket attachment, spanner, tap.	616400, 616500, 616820.
Gages and machinists precision measuring tools CMP 658:	
Analyzers: surface	617890, 703820.
Balancing machines: machinists: machine tools, metalworking.	619700, 745501.
Bars: sine: machinists	617898.
Bevels: machinists	617895.
Blocks and rolls: angle	617898.
Blocks, bench, gage, sine: machinists	617890.
Bullet machines: inspecting	775012.
Buttons: die, toolmakers	616920.
Calipers: gear tooth, pocket slide, vernier, not dial equipped.	617895.
Centers: bench: machinists	617890, 744398.
Clamps: key seat, parallel, rule, toolmakers: hand tools.	617898.
Comparators: metalworking.	775012.
Demagnetizers	709998.
Detectors: leak, seam testers.	919098.
Discs: setting: master, machinists.	617898.
Dividers: machinists	617895.
Edges: straight: machinists	617895.
Electrical and mechanical testing equipment: metallurgical.	703820, 774020, 919098.
Extensometers	703820, 774020, 919098.
Fixtures: gaging: alignment, built up, simple: machinists.	617890, 775012.
Fixtures, sine	617890, 775012.
Flats: toolmakers	617895.
Gage block sets and accessories.	617890, 617898.
Gages: air (precision), electric: metalworking.	703820.
Gage: angle, ball, button, center, circumference, cutter clearance, cylinder, depth, dial indicating (linear measurement), drill, drill point, fillet, height, hole, planer, radius, screw pitch, screw and wire, surface taper, telescope, thickness, thread, wire or rolling mill: machinists.	617890, 703620, 703820, 774020, 775012, 919098.
Gages: camber (not automotive), chamber, con-	617890, 775012.

Commodity	Schedule B No.
Gages and machinists precision measuring tools CMP 658—Continued.	
centricity, flush pin, inspection, length, pin, plug, production, profile, ring, snap, terneplate: machinists.	
Gages: electric: metalworking.	703620, 703820.
Gages: flush	617890.
Gaging machines: precision.	703620, 703820, 774020, 775012.
Hold downs: toolmakers	617898.
Indicators: alignment	617890, 775012.
Indicators: dial: linear measurement.	617890, 775012.
Indicators: dial test: precision.	617890, 703820, 774020, 919098.
Inspection equipment: magnetic.	617890, 919001.
Inspection machines: precision: metalworking.	775012.
Irons: angle: magnetic, plain.	617890, 709998.
Knees: toolmakers	617898.
Levels: machinists	617898.
Magnetizers	709998.
Measuring instruments: light wave machinists precision, surface.	775012.
Measuring machines: gear, metalworking.	775012.
Micrometers: internal, external, super.	617895, 775012.
Microscopes: Brinell, toolmakers.	914950.
Parallels: box, ground, precision: machinists.	617898.
Points: penetrator: hardness testing.	774020.
Profilometers: surface measuring.	775012.
Projectors: contour measuring.	775012.
Protractors: aircraft propeller.	617895, 919098
Protractors, machinists precision measuring.	617895, 919098.
Recorders: stress, strain	703700, 919098.
Rods: end measuring: machinists.	617898, 919098.
Rules: steel: machinists	617898.
Scales: steel: machinists	619700.
Sclerescopes	774020.
Sets: square: combination, machinists.	617895.
Stands: aircraft propeller balancing.	703820.
Testers: center: hardness: seam: leak detectors: tensile: impact, physical, small (for welding).	703820, 774020, 919098.
Testing equipment: aircraft propeller governor.	703820, 919098.
Testing equipment: photoelectric: aircraft crankshaft strain.	703320, 919098.
Testing machines: gear, gear checking, physical, property, metal fatigue, torsion, metalworking.	703820, 774020, 919098.
Testing units: aircraft propeller slip ring mounting.	703820, 919098.
Tools: precision measuring, including hand.	617890, 617895, 617898, 703620, 703700, 703820, 709998, 774020, 775012, 919098.
Tools: vernier	617895, 775012.
Trammels: machinists	916029.
Wigglers: machinists	617898.
Wires: thread measuring	617890.
Abrasive products: made from manufactured or natural abrasives, CMP 780:	
Abrasives: aluminum oxide: crude, regular, special, white.	541198.
Abrasives: coated, compound finishing, reclaimed	541800, 541900.
Abrasives: silicon carbide	541198.
Aluminum oxide: fused	541198.
Belts: abrasive	541900.
Blades: diamond: abrasive	615515, 615605, 617891.
Brick abrasives	541900.
Cake: polishing: emery	540998.
Carriers: aluminum oxide: catalytic: abrasive grain.	541198.
Chucks: segmental: abrasive.	744371.
Cloth: abrasive	541800.
Discs: abrasive: cloth, nut inserted, paper, sanding, steel backed mounted (vitrified, resinoid).	541800.
Disks, points: dental: diamond.	915000, 915590.
Dressers: emery wheel, grinding wheel: abrasive.	540500.
Finishing compound: abrasive.	541900.

Commodity	Schedule B No.
Abrasive products: made from manufactured or natural abrasives, CMP 720—Con.	
Fire sand	541198.
Flours: abrasive	541198.
Grinders: knife	540500, 540600, 541200.
Grinding compounds: valves.	541900.
Grindstones	540500, 540600, 541200.
Hones: not automotive cylinder, piston pin.	540998, 541900.
Hones: diamond	617891.
Lapping compounds: finishing (include diamond).	541900.
Millstones, manufactured	540600, 541200.
Pads: abrasive: sander	541800.
Paper: abrasive sand	541800.
Points: abrasive: dental, including diamond.	915000.
Porous media: abrasive	540998, 541198.
Powders: abrasive optical	540998.
Saws: diamond	615515, 615605.
Segments: abrasive	540998, 541900.
Sharpeners: knife: abrasive	540500, 540600, 540998, 541900.
Sticks: abrasive, dressing, honing, lapping.	540998, 541900.
Stones: jointer, manufactured mill, oil, pulp, reamer scythe, sharpening, superfinishing.	540600, 540998, 541900.
Tools: diamond: boring, cutting (pointed), dressing, drilling, hardness testing.	540905, 617891, 731100, 733900, 745503, 775098.
Wheels: abrasive: arbor center mounted (vitrified, silicate: high speed), bonded (resinoid, rubber, shellac), centerless control, coping, cylinder, metal bonded (diamond), mounted (dental industrial) resinoid cutoff, resinoid (diamond: metal center), resinoid (high speed), steel center, superfinishing valve seat (not automotive, vitrified).	540500, 540600, 540905, 541200.
Wheels: buffing, polishing: metalworking.	540500, 540600, 540905, 541200.
Whetstones	540998, 541900.

NOTE: The commodities listed above are shown with the appropriate CMP numbers as well as the Schedule B numbers. In determining whether commodities under these CMP headings may be exported under the BLT (blanket) export license procedure, the description of the commodity and not the schedule B numbers shall govern.

No. 637—*Current Export Bulletin No. 260, July 13, 1945.*

I. Expiration Date of Licenses to Export Sugar

A. The Foreign Economic Administration announces that export licenses issued on and after July 13, 1945, for all types of refined sugar, Schedule B No. 161910, and raw sugar (not processed for human consumption), Schedule B No. 161950, to all destinations will be valid for *three months* from the approval date. Both the date of issuance and the date of expiration will be stamped on each license. Comprehensive Export Schedule No. 18, page 147, paragraph 24 *h* is amended accordingly.

B. The applicant amy request an extension of the three months' license should more time be required for shipment. If the facts justify, the Foreign Economic Administration will extend the validity of the license for an additional period of three months.

II. Changes in General Licenses

The following changes in general licenses are effective July 18, 1945, unless otherwise noted.

Department of Commerce Schedule B No.	Commodity	General license country group		GLV dollar value limits				G-post dollar value limits	
				Group K		Group G+4			
		Old	New	Old	New	Old	New	Old	New
	Meat products								
003200	Other pork, pickled or salted (not including fresh or frozen pork; hams and shoulders, cured; bacon or Cumberland and Wiltshire sides).	None	None	100	25	1	[1] 25	[1] 1	[1] 25
003400	Mutton and lamb (report canned in 003909)	None	None	100	25	1	[1] 25	1	[1] 25
003600	Beef canned:								
003600	Beef hash and hamburger steak	None	None	10	10	1	[1] 10	1	[1] 10
003600	Roast and boiled beef	None	None	10	10	1	[1] 10	1	[1] 10
003600	Other canned beef (except corned beef)	None	None	50	25	25	25	25	25
003801	Chicken, canned	None	None	100	10	25	10	25	10
003907	Tushonka, canned	None	None	50	25	1	[1] 25	1	[1] 2
003909	Other canned meat:								
003909	Ration R. R. (beef, pork, vegetable) canned, dehydrated.	K	None	------	25	25	25	25	25
003909	Ration C (meat and beans; meat and vegetable hash; meat and vegetable stew).	K	None	------	25	25	25	25	25
003909	Other canned meat	None	None	50	25	1	[1] 25	1	[1] 25
	Other edible animal products								
009200	Eggs, hatching [1]	None	K	10	------	10	25	1	25
009200	Other eggs in the shell	None	None	10	10	10	10	1	[1] 10
	Other inedible animals and animal products								
099925	Other shells, unmanufactured [1]	None	K	100	------	25	[2] 100	25	25
	Vegetable and preparations, edible								
	Vegetables, canned:								
124500	Soups, baby food	K	None	------	15	25	1	25	1
124500	Soups other than baby food	None	None	15	15	1	1	1	1
124990	Canned vegetables and juices, n. e. s.:								
124990	Baby food n. e. s.	K	None	------	10	25	1	25	1
124990	Pumpkin	None	None	1	1	1	1	1	1
124990	Rhubarb	None	None	1	1	1	1	1	1
124990	Other canned vegetables and juices, n. e. s.	None	None	10	10	1	1	1	1
	Fruits and preparations								
	Canned fruits:								
134200	Prunes and plums, baby food	K	None	------	1	25	1	25	1
134200	Other prunes and plums, canned	None	None	1	1	1	1	1	1
	Miscellaneous vegetable products, inedible								
209993	Vegetable ivory or tagua nuts [1]	None	K	100	------	25	[2] 100	25	25
	Wood manufactures								
423100	Venetian blinds [1]	None	K	None	------	None	[2] 100	None	25
	Clay and clay products								
	Silica brick:								
536300	Standard 9-inch series	K	None	------	100	25	25	25	25
536400	Other shapes (reduced to 9-inch equivalent).	K	None	------	100	25	25	25	25
	Fire-clay bricks:								
536600	Standard 9-inch series	K	None	------	100	25	25	25	25
536700	Other shapes (reduced to 9-inch equivalent).	K	None	------	100	25	25	25	25
536800	Firebrick, n. e. s. (include refractory bricks and shapes).	K	None	------	100	25	25	25	25
537598	Other high-temperature or refractory cement, n. e. s. (except high-temperature or refractory cement containing silica carbide or aluminum oxide).	K	None	------	100	25	25	25	25
	Steel Mill Products								
609198	Steel belt lacing and fasteners of wire [1]	None	K	100	------	25	25	25	25
	Iron and steel manufactures								
611200	Plastic safety razors [1]	K	K	------	------	25	[2] 100	25	25
618450	Furniture casters [1]	None	K	100	------	25	25	25	25
	Office appliances								
777900	Parts for assembly of office appliances, n. e. s. (not including parts for assembly of date stamping machines; file punches; linatimes; numbering machines; automatic ticket punches; automatic ticket registers, not coin operated; and typographic numbering machines).	None	None	100	100	25	25	25	25

[1] Effective date of change, immediately.
[2] GLV value limit for shipments to Argentina, $25.00.

Department of Commerce Schedule B No.	Commodity	General license country group		GLV dollar value limits				G-post dollar value limits	
				Group K		Group G+4			
		Old	New	Old	New	Old	New	Old	New
	Office appliances—Continued								
777900	Parts for repair of office appliances, n. e. s. (not including repair parts for date stamping machines; file punches; linatimes; numbering machines; automatic ticket punches; automatic ticket registers, not coin operated; and typographic numbering machines)[1]	None	K	100	.....	25	25	25	25
	Other vehicles and parts								
795300	Bicycle parts and accessories (except tires) (report tires and inner tubes in 206400).[1]	K	K	.....	.....	25	[2] 100	25	25
	Watercraft, other than naval:								
795691	Watercraft, pleasure, not over 16 gross tons.	None	[1] K	100	.....	25	[1] [2] 100	25	None
795695	Watercraft, pleasure, over 16 gross tons	None	[1] K	100	.....	25	None	25	None
799500	Casters, except furniture casters [1]	None	K	100	.....	25	25	25	25
	Chemical specialties								
823803	Detergents, penetrating, wetting, and scouring agents, and dying assistants containing 10% or more of any fat or oil as defined in paragraph (a) (1) of War Food Order 42–1 or the sulfonated derivatives of such fats or oils (Give percentage content of such fats or oils) (not including Aerosol OT; Alkanolamine; Igepon T and TD; MP 189, 189 SX and 646; Nacconal HG, NR, NRG and NRSF; Neutronyx 33; Santomerse 1, 3 and 55; Synthetic detergent 92; Ultrawet A, 40 A, and 60 A.	K	None	.....	25	25	25	25	25
823803	Other	K	K	.....	.....	25	25	25	25
823809	Other textile specialty compounds containing 10% or more of any fat or oil as defined in paragraph (a) (1) of War Food Order 42–1 or the sulfonated derivatives of such fats or oils. (Give percentage content of each oil) (not including aryl compounds, alkylated or sulfonated.)	K	None	.....	25	25	25	25	25
823809	Other	K	K	.....	.....	25	25	25	25
823998	Tanning specialty compounds, n. e. s., containing 10% or more of any fat or oil as defined in paragraph (a) (1) of War Food Order 42-1 or the sulfonated derivatives of such fats or oils. (Give percentage content of each oil.)	K	None	.....	25	25	25	25	25
823998	Other	K	K	.....	.....	25	25	25	25
829200	Leather dressings, oils, polishes and stains containing 10% or more of any fat or oil as defined in paragraph (a) (1) of War Food Order 42–1 or the sulfonated derivatives of such fats or oils. (Give percentage of each oil (not including tanners' fat liquor).)	K	None	.....	25	25	25	25	25
829200	Other	K	K	.....	.....	25	25	25	25
	Miscellaneous office supplies								
931600	Gold pen points [1]	None	K	100	.....	25	[2] 100	25	25
939900	Other office supplies, n. e. s. (except glass paper weights, check protector ribbons, paper clips, clamps, and fasteners, pencil sharpeners, desk punches and perforators, staple removers, and thumbtacks). [1]	K	K	.....	.....	25	[2] 100	25	25
	Miscellaneous commodities, n. e. s.								
979900	Other lighting devices and parts (except lamp burners; miner's lamp parts, oil and carbide and other carbide and acetylene lamp parts). [1]	K	K	.....	.....	25	[2] 100	25	25
999990	Ice [1]	None	K	100	.....	25	25	25	25

[1] Effective date of change, immediately.
[2] GLV value limit for shipments to Argentina, $25.

Shipments of any of the above commodities removed from general license or whose GLV dollar value limits have been reduced which were on dock, on lighter, laden aboard the exporting carrier or in transit to ports of exit pursuant to actual orders for export prior to the effective date of change may be exported under the previous general license provisions. Shipments moving to a vessel subsequent to the effective date of change pursuant to ODT permits issued prior to such date may also be exported under the previous general license. Shipments of any of the above commodities whose G-POST dollar value limits have been reduced and which were mailed prior to the effective date of this amendment may also be exported under the G-POST general license provisions previously in effect.

Swedish Firm Acquires Others

Skogsagarnas Industri A/B, Sweden, have purchased Hultsfreds Traforadlings A/B, which has a sawmill and joinery factory and produces about 80,000 doors annually, and A/B Standardhus, manufacturing principally prefabricated houses, according to a European lumber journal.

Both companies are at Hultsfred.

Indian Market for U. S. Machinery

(Continued from p. 23)

for electrical machinery over a period of some years, and if terms suitable to both the Indian buyers and United States manufacturers of this equipment can be arrived at, American participation in this market may be substantial.

Refrigerating Machinery

Considered on the aspects of climate and weather conditions, India would be a logical place to sell refrigeration and air-conditioning equipment. Imports of refrigerating machinery increased nine times between World War I and 1938, being valued at a little more than $100,000 in 1913–14 and at more than $1,000,000 in 1937–38. Although since 1933 there has been a preferential duty on British goods of this type, the United States had from 80 to 90 percent of the business in refrigeration equipment in the last few years before the present war. This important participation was possible because of the advancement in refrigeration manufacturing in this country. A Swedish compressor-type domestic refrigerator made some headway during the late 1930's, chiefly because of its relatively lower cost and operating expenses, and the fact that it was operated on kerosene.

It can hardly be hoped that a large market for refrigerating machinery will develop in India in the near future. It may be expected that the volume of such business will gradually increase, and, in the event that industrial and agricultural growth should be more rapid than in the past, added impetus to buying in this field may be expected.

Air Conditioning

Air-conditioning equipment has been introduced into India with favorable reactions. As early as 1937 railroads began tests in the use of this equipment, and by the end of that year installations had been made on two trains. Separate statistics have not been compiled showing imports of air-conditioning equipment, but it has been estimated that they were valued at about $1,500,000 in 1936 and almost twice that amount in 1937.

Air conditioning by mechanical refrigeration is used by five theaters in the country, two of which are in Bombay and three in Calcutta. Many theaters in north-central India are known to use ice for cooling. It has been recently reported through official sources that operators of many theaters are contemplating installation of air-conditioning equipment when it becomes available; and it is believed that new theaters to be built will have such facilities.

Before the war it was reported that the Government was interested in procuring equipment for air-conditioning many of the buildings in New Delhi. Since office buildings, dining rooms, textile mills, tea and coffee estates are also potential users of this equipment, a considerable market might develop in pace with the establish-

ment of conclusive evidence that the cost of such equipment is justified.

What About Tractors?

While for at least 5 years, between 1933 and 1938, the United States had held about 70 percent of the Indian tractor market, the entire market for tractors for agricultural purposes and of farm machinery in general has been and will probably continue to be small. The average cultivator could have little use for a tractor; his holding averages less than 1 acre; his income is pitifully small. It was estimated in 1940 that about 70 percent of the land under cultivation was being worked by nonlandowners. Rural indebtedness just before the present war was estimated at $5,400,000,000. In 1937–38 tractors imported were valued at $187,000. It is reported that imports were particularly low in 1940, sales having decreased by 15 percent as compared with those of 1939.

In some States and Provinces where conditions are favorable, tractors have been purchased by cooperative groups and used to advantage. Development in this or other directions may take place which would lead to increased use of tractors for agricultural purposes. But India cannot be considered as a fertile field for sale of this type of equipment. Added to the impracticability of its use and the cost of purchasing is the matter of obtaining fuel, which has generally presented a problem in India despite the proximity of adequate supplies of petroleum in Burma.

United States exports of tractors to India in 1944, including lend-lease, were valued at more than $11,000,000. The majority of these tractors are the heavy crawler Diesel type, not adaptable for use in agriculture but particularly suited for use in excavation and road-building work. It is presumed that these tractors are being used for these and similar purposes at present. While road development is a highly favored division of postwar planning, unless greatly expanded work on highway construction, irrigation, or flood control developments is undertaken soon after the war there would not appear to be an immediate need for large quantities of these units if the end of the war finds those now operating in fair condition. More distant future needs will probably be concomitant with general industrial development.

Needs Appraised

Indian estimates of their own needs for the postwar period include wide varieties of equipment and machinery: Machine tools; equipment for an enlarged and diversified chemicals manufacture, which has made considerable progress during the war; replacements and repairs for sugar-processing equipment (and in the event that continued tariff protection is guaranteed to the sugar industry, much *new* equipment in this field also); facilities to increase cement production to a level of 6,000,000 tons a year; equipment for greatly expanded fertilizer manufacture; industrial machinery of nearly all kinds; office equipment; trucks, busses, and automobiles; radios and telephones; and a long list of miscellaneous items.

How many of these needs will become *effective wants* cannot be estimated, nor could the potential share of the United States in supplying these wants be evaluated.

Whatever the size of the Indian machinery market after the war, doubtless the United States will have some participation in it. Over a long period of time our equipment has given a good account of itself in India, despite its relatively higher cost in some lines.

U. S. Products Gain Favor

During the war far greater quantities of United States equipment have reached India than in any other comparable period. The Indian people have seen this equipment on the docks, in the warehouses, at work in many of the remote corners of the vast peninsula. It may be expected that much additional benefit needs, and plans available to them through Regional and District Offices of the Department of Commerce.
has accrued to our goods through its performance during this period.

The present obstacles—among which looms large the question of payment—may become insurmountable difficulties. But it is probable that some solution can be worked out if Indian industrialists are determined to buy United States equipment and if our manufacturers judge their potential market in India to be worth a sustained and aggressive sales effort.

In effecting a transition from a war to a peacetime economy, we must call upon all resources to assure full employment for our own population. Perhaps for some years—but not indefinitely—we can keep busy and prosperous supplying only our own needs. It would appear, however, that our economy will depend more and more upon our export trade. In looking about for new or expanded markets for our goods, we might pause with India. However small a percentage of the Indian people can buy manufactured goods, however low the purchasing power of the country, India is no negligible market, with or without possible stimulation from its projected industrialization program.

India in This Era of Transition

(Continued from p. 9)

venience. It is particularly to be hoped that large amounts of dollar exchange will be created for India by this means.

American Government's Role

The economic facts and figures about India are readily available from the Bureau of Foreign and Domestic Commerce. The science and art of statistics are not notably advanced in India. The complexities of that vast and various area are not readily reduced to either figures or words, but the material on India released by the Bureau is realistic and comprehensive. It is very desirable, however, to read authoritative books on the religions and social traditions of India in order to know why prayer and patience are regarded by most Indians as more effective than planning.

The United States Government is eager to foster sound commercial relations between India and the United States. The Department of State and the Department of Commerce will welcome opportunities to consult with American businessmen regarding appropriate and effective means of doing so, and Foreign Service officers at the Consulates General in Calcutta and Bombay and the Consulates at Madras and Karachi are giving close attention to trade inquiries, though their major concern is still the economics of war. It is hoped that the background for economic relations between India and the United States may be improved by the early negotiation of a commercial treaty.

The development of contacts and of actual business will be greatly facilitated, during the next few years, by wider use of air-travel facilities than is yet possible. Meanwhile, American manufacturers, plant designers, consulting engineers, and agricultural specialists can examine with much profit the increasing volume of material on India's hopes, needs, and plans available to them through Regional and District Offices of the Department of Commerce.

Trade Lists

The Commercial Intelligence Unit has recently compiled the following trade lists of which mimeographed copies may be obtained by American firms from the Bureau of Foreign and Domestic Commerce. The price is $1 a list for each country.

Automotive Equipment, Importers and Dealers—Peru.
Automotive Products, Manufacturers—El Salvador.
Hardware, Importers and Dealers—Chile.
Machinery and Agricultural Implements, Importers and Distributors—Colombia.

News by COMMODITIES

(Continued from p. 50)

Approximately 90 percent of the total quantity of manufactured tobacco products sold in British Guiana is consumed in Georgetown. In view of the localized nature of the consumer markets, there are no special problems of distribution or marketing. In general, locally manufactured tobacco products are sold directly by the factory to retailers.

Black leaf tobacco is sold without further processing. This tobacco product is consumed principally in rural areas where it is in great demand by the colony's large East Indian population who use the leaf for pipe smoking and chewing tobacco.

India's Mineral Resources

(Continued from p. 19)

India's production of manganese ore is almost entirely determined by demand largely from abroad, since the country's own requirements for the production of steel are only about 260,000 tons per year—produced in Bihar and Orissa.

Exports in the past have aggregated about 1,000,000 long tons per year, which included a considerable portion of low-grade ore that was taken by Japan, Belgium, and France.

As is the case with most manganese ores produced for export, the rail haul to Bombay and Calcutta is long and expensive. The new harbor at Vizagapatam (Bay of Bengal) with connecting railroads affords some improvements. The Raipur-Vizagapatam Railroad when completed will bring the mines 180 miles nearer the coast.

Other Provinces in the order of decreasing output are Madras (Sandur State and Vizagapatam); Bombay (Panch-Mahals); Bihar and Orissa (Singhbhum), and Mysore. The manganese-ore industry may be classified as one in which the demand for high-grade ore is intermittent. It requires the demands of war to stimulate a demand for metallurgical and battery-grade ores. When the opportunity *does* come the industry is confronted with barriers, principally in transportation—land haul, car shortage, lack of storage space at mines and docks, lack of shipping space, and lack of market for low-grade ore when the demand is only for high-grade metallurgical battery, and chemical ores.

Production in 1942 was estimated at 900,000 long tons of the better-grade ores, of which the United States took 500,000 tons.

Fluxing Material

Limestone is the most important fluxing material used by the smelter industries. India has many large deposits located within reasonable access to the iron and steel plants.

Annual production is about 3,000,000 tons, which includes 165,000 tons of dolomitic limestone produced in Bihar and Orissa for use by the iron and steel industry as a flux and for furnace linings.

Magnesite

The principal deposits of magnesite, located in the "Chalk Hills" in the Salem district, Madras, are extensive and practically inexhaustible. Magnesite is calcined to produce either the "dead burnt" or "caustic" grades. The former is used in the basic steel furnaces either as a fused lining or as bricks. Caustic magnesia is used in conjunction with magnesium chloride to produce oxychloride cements and is employed also in the manufacture of tile and other cementitious products for the building industry.

Chromite

Chrome ore ranks next in importance to manganese in the production of ferro-alloys for use by the steel industry. About 95 percent of India's chromite is produced in the Hindu Bagh district in northeastern Baluchistan. Ore is moved by narrow-gage railway to Khangi and then by broad gage to the port of Karachi 570 miles away.

Exports before the war averaged 22,000 long tons annually, most of this going to Germany and Norway. It is reported that the production in the Central Provinces reached a maximum of 350 tons per month or 42,000 tons per year in 1941. Chromite is also mined in the districts of Hassan and Mysore in the State of Mysore in southern India; production in 1941 was about 1,500 tons per month. Exports are made through the port of Madras. Mines in the Singhbhum district of Bihar and Orissa, although largely worked out, produce about 1,500 tons per year. Production from all areas was estimated at 50,000 in 1943. Imports into the United States for the period 1939 through 1942 averaged 22,000 tons per year.

Copper, Lead, Zinc

The resources of the base nonferrous metals, copper, lead, and zinc are very limited. India's requirements of copper and copper-base alloys, so essential to the national and social economy of India, are supplied almost entirely by imports. Average annual production from the one smelter in India is about 6,500 tons of copper—which amount is about 5 percent of India's normal annual requirements of wrought copper products.

Copper is found in southern India, in Rajputana, and in various places along the outer Himalayas. Principal producing areas are at Mosaboni and Monbhandar in the Singhbhum copper belt in Bihar and Orissa where the reserves in 1938 totaled 850,000 short tons yielding 2.8 percent copper.

Lead and zinc are found in many areas in Burma, but the principal commercial deposits of importance are the Bawdwin mines in the northern Shan States, located about 50 miles due west of the Chinese frontier. The ore is a complex argentiferous galena. Production prior to the occupation by the Japanese in 1942 was about 80,000 tons of lead and 45,000 tons of zinc per year. The estimated reserves reported in 1941 totaled 3,130,200 tons of ore assaying 15.1 ounces of silver, 19.5 percent lead, and 12.1 percent zinc. In addition to lead, zinc, and silver, small tonnages of antimonial lead and copper concentrates are also produced.

These mines were first worked by the Chinese from an unknown date, some estimates placing the commencement of the workings at about A. D. 1412. The Chinese interest was primarily in the recovery of silver. The methods pursued were very primitive, and the work was discontinued in 1868, owing to both political conditions and partial exhaustion of the ores above permanent groundwater level. The Chinese left thousands of tons of slags containing on an average from 45 to 50 percent lead and 16 to 18 percent zinc.

Several lead-bearing properties have been reported in the southern Shan States, which it is claimed will rival the Bawdwin mines. These properties have a history similar to those in the northern Shan States in that they were worked centuries back by Chinese who extracted the silver only and discarded the lead and zinc.

Since the requirements for lead and zinc in Burma are nominal, practically the entire output is exported.

The Bawdwin refinery at Namtu in the northern Shan States also obtains a limited tonnage of cobalt-bearing copper-nickel speiss from the nearby ores.

Ilmenite, Monazite, and Zircon

The ilmenite, monazite, and zircon series is reported as a group because the respective minerals are closely associated as dispersions in the pegmatites and rocks. The disintegrated country rock is carried out to sea and the minerals are subsequently redeposited on the beaches several times each year as a result of wave action. Since the specific gravity of these minerals is about the same, they are concentrated in consequence of the wave action and are found associated on the beach sands of Travancore for about 100 miles along the coast on each side of Cape Comorin in the extreme south of India. Rutile and garnet are often associated with ilmenite, monazite, and zircon.

For commercial application these several minerals have to be separated. The beach sands were formerly mined only for monazite because of an interest in thorium and cerium. Ilmenite is the source of titanium dioxide, valuable as a white pigment material and for the production of ferro-alloys. Zircon yields zirconia, a high-temperature refractory, and is also the base for a ferro-alloy. About 250,000 tons of ilmenite, 1,000 tons of rutile, 1,800 tons of zircon, and 2,000 tons of monazite are recovered each year. Prior to the war the major portion of this production was exported to the United States.

These beach sands are practically inexhaustible and represent the world's principal source of supply for ilmenite.

Kyanite and Sillimanite

Kyanite, sillimanite, and andalusite are related aluminum silicates which when heated sufficiently high are transposed into "mullite," a high-temperature refractory used primarily in the construction of furnaces.

The principal deposit of kyanite is located at Lapsa Buru in Kharsawon State and the Singhbhum district of Bihar. Average annual production prior to the war was about 25,000 tons. These minerals vary greatly in physical characteristics—to such an extent, in fact, that some grades are quite inferior (similarity of analysis notwithstanding). The strategic grade produced in Singhbhum is a long-crystal type and is vastly superior to the small-crystal structure produced in the United States. Production increased, by reason of demands of war, to 50,000 tons per year, of which the United States purchased about 15,000 tons.

Steatite

Steatite is the massive form of talc which varies greatly from cosmetic "talcum" and soapstone, even though all grades of talc are hydrous magnesium silicates. Steatite is quarried in the form of blocks. Segments of these blocks are machined and calcined for use as electric insulators and as supports in electronic tubes. The relative merits of one type of steatite over another is measured by its texture, density, machinability, and ability to withstand subsequent calcination. During this war India has been the world's principal source of supply of the strategic grade.

High-grade massive steatite is found in the following locations: Jubbulpore district in the Central Provinces; Kurnool district, Madras Presidency; Jaipur State; Rajputana Presidency; and Idar State, Bomb Presidency. Production of the strategic grade in 1942 totaled 12,000 tons.

Beryl and Tantalite

The urgent military demand for the super-strategic minerals beryl and tantalite developed new sources of supply in India, principally in the Bihar and Nellore mica districts. India may well become one of the world's principal sources of supply for beryl. It is estimated that production may reach 2,000 tons each year and will offset the depleting sources of supply in South America.

Bauxite

Large deposits of bauxite are known in Bilaspur and Mandle districts and Sirguja and Joshpur districts in the Central Provinces; Kolhapur State, Bombay; Rauchi district, Bihar; Jammu district, Kashmir; the Shevoray hills in the Salem district near the town of Salem in Madras; and in Travancore. Much of the production of bauxite is used as a filter medium in the oil industry and in the production of aluminous cement. Total production in 1943 is reported to have been 30,000 tons. Many of the grades of bauxite produced are highly titaniterous and are not desirable for the production of aluminum.

The production of aluminum metal at Alpuram, Travancore, a new venture for India now in continuous operation, on a small scale, currently depends on imported alumina as the source for the raw-material supply. Production of aluminum in 1943 totaled 1,000 tons. Accessible deposits of fluorspar indicate that synthetic cryolite can be produced in the event that the natural product should not be available from Greenland.

Mica

Of all the interesting mineral structures, none is more intriguing than that of mica. Just why this mineral should crystallize in the form of laminated sheets, of a relatively uniform thickness of one-thousandth of an inch, man may never know and, if he ever does find out, he will never be able to duplicate the orogenetic processes of Nature's laboratory. Old Hindu writers imagined mica to have originated during a battle between the god Indra and the enemy of the gods, Baratur. During the battle, Indra, whose weapon was a thunderbolt, caused a sheet of lightning to spread over the whole earth. The sparks which fell were preserved as mica.

Mica varies in color. Ancient Hindu writers distinguished four qualities of mica under their four great divisions of caste. The Brahman was white and colorless; the Kahatriya, red-tinted; the Vaiaye, yellow; and the Sudra, black. Modern color classifications, somewhat less aesthetic, include clear, slightly stained, fair stained, stained, heavily stained, black spotted, black stained, and badly stained. These (together with size specifications) constitute the basis of trade in block mica.

India is the world's largest producer of sheet mica. It is mined chiefly in Hazaribagh and Gaya districts in Bihar and Nellore in Madras. About 80 percent comes from Bihar and the remainder from Madras.

Indian mica is practically all of the muscovite type. That from Bihar, although white in thin sheets, generally has a reddish tinge in thick plates, whence is derived its trade name of Ruby Mica. Madras mica is usually green or brown.

Mica is found in crystals or books bedded in the pegmatites which traverse the gneisses and mica shists which form the country rock of the mining districts. Mica is loosened and extracted from the mine by blasting. When discharged the blast will loosen several layers of mica technically called a "book" which may be from one-eighth to one-half inch in thickness, and from several feet up to 10 feet in diameter. At the mine-head the books are separated from the adhering country rock and are roughly trimmed and sent to the factories. There the books are trimmed (imperfections being removed with a sickle) and are split into blocks which are somewhat rectangular in shape and have beveled edges. The blocks are then more closely trimmed and graded and sorted for size and color, and thereafter undergo the final step of splitting and grading preparatory to packaging and shipping in export or sale in the local trade.

The preeminent position which India occupies in the world market is due not only to the superior quality of the mica per se but also to the great manual dexterity and cheap labor of some 20,000 or more aboriginals, who with crude soft iron sickles and shears trim and split mica. So much is this the case that there is an appreciable import into India each year of block mica for reexport as splittings.

For the 6 fiscal years from April 1, 1930, exports from the three principal producing districts averaged 4,227 short tons, of which Bihar and Orissa represented 87.1 percent, Madras 12.7 percent, and Rajputana (Bombay) 0.2 percent. World production for the same period averaged 5,512 net tons. These amounts were greatly increased in the succeeding years as a result of military demands. Although authentic information is not available, production in 1942 is estimated to have been 10,000 short tons, of which the United States purchased 6,000 tons.

"Great Parade"

A review of the mineral resources of India, past, present, and future, is the story of "the passing of a great parade", from gold and precious gems to the needs for industrialization—a plethora of iron, coal, manganese, and mica, and a scarcity of base nonferrous metals, copper, lead, and zinc and the complementary metals, nickel, cobalt, tungsten, molybdenum, vanadium, quicksilver, antimony, cadmium, as well as potash, phosphates, and petroleum.

The tale in the main is long on names but short on tonnages required for an industrialization necessary to serve a nation of more than 400,000,000 persons.

India's Industrial Policy

(Continued from p. 12)

increase their output, and develop new lines.

"Reverse of the Medal"

On the other hand, machinery and technical skill are absolute necessities, and both of these must come from abroad. The supply situation for machinery will be very tight for several years, during which time India will have to import consumer goods which otherwise might be produced by domestic industries. Technicians are not plentiful, especially those of the caliber needed to create industries from the ground up, and they may not wish to endanger their futures by working for firms which openly want to replace them with nationals as soon as possible. Foreign capital, too, is not likely to be plentiful if the profit incentive is too limited.

It would appear, therefore, that despite many favorable aspects India's industrialization may not be so rapid as most of the plans envisage. The students sent abroad to study will make a great contribution, but not for several years. It will also be several years before much machinery can be delivered. In the meantime, only rigid controls will keep a war-starved people from buying much-needed consumer goods from abroad. When business returns to normal, it is possible that Indians may be somewhat less interested in industrial undertakings than they are at present.

Question of Cooperation

Industry will become increasingly important in India, but the rapidity of its expansion would appear to depend on the degree to which India is willing to accept outside assistance and grant more generous participation than is now considered acceptable. The determination to retain Indian control over industry is both healthy and laudable; but, if the benefits of industrialization are anywhere near so great as are claimed by most of its advocates, they might find it advantageous to invite the cooperation of foreign interests on a more attractive basis.

U. S. Trade With India—

(Continued from p. 17)

Commodity	Percentage Distribution of Exports									
Domestic exports, total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Military exports	0.4	9.8	56.1	58.7	52.4	0.4	5.0	61.1	18.3	6.5
Machinery [1]	20.1	16.3	5.9	12.2	11.1	20.1	17.5	6.7	11.5	16.0
Electrical machinery and apparatus	7.4	3.8	1.7	2.7	3.1	7.4	4.2	1.9	4.1	4.9
Industrial machinery	11.8	11.5	4.0	8.8	6.6	11.8	12.3	4.6	7.3	10.5
Steam locomotives and parts	.2	.2	.3	2.8	2.4	.2	.2	.1	.1	.2
Millworking machinery tools, etc	3.7	4.8	1.6	1.7	1.3	3.7	51.1	1.9	1.6	3.5
Cranes	.4	.2	.1	.3	.8	.4	.1	(2)	.5	.3
Agricultural machinery and implements	.9	1.0	.2	.8	1.4	.9	1.1	.2	.1	.6
Automobile parts and accessories	15.2	12.1	9.1	2.3	6.2	15.2	10.2	1.8	1.3	2.0
Motortrucks, busses, and chassis (new)	7.0	7.4	7.7	1.9	3.6	7.0	5.5	.5	.1	1.4
Parts for replacement	2.5	2.7	.9	3.	2.4	2.5	2.9	1.0	1.2	.4
Iron and steel-mill products	4.8	8.0	7.9	7.7	4.2	4.8	8.7	3.9	2.4	2.0
Iron and steel advanced manufactures	2.0	4.3	.9	.9	.7	2.0	4.6	2.1	4.9	3.9
Petroleum and products	8.7	5.6	3.8	2.9	3.2	8.7	6.1	6.0	.1	(2)
Evaporated milk	(2)	.1	1.0	1.6	2.9	(2)	.1		(2)	.4
Meat products	(2)	.1	3.2	.7	2.5	(2)	.1	(2)	.1	.1
Railway and freight cars and parts, excluding axles and wheels	.1	(2)	(2)	1.8	2.1	.1	(2)	(2)	(2)	.1
Canned vegetables	.2	(2)	.2	.4	1.8	.2	(2)		(2)	.1
Medicinal and pharmaceutical preparations	4.3	3.0	.4	1.0	1.4	4.3	3.3	1.4	5.5	7.5
Unmanufactured tobacco	5.4	5.7	1.1	.8	.9	5.4	6.2	3.2	11.0	9.8
Merchant vessels			(2)	.2	.7				.7	2.1
Paper, related products, and manufactures	1.1	3.8	.5	.5	.6	1.1	4.1	1.5	6.5	7.2
Copper and manufactures	1.9	3.5	1.4	1.0	.4	1.9	3.8	.6	.4	.3
Coal-tar products	.7	4.2	.6	.4	.4	.7	4.6	2.3	7.4	5.9
Soap and toilet preparations	2.8	.2	(2)	.1	.4	2.8	.2	(2)	2.8	5.8
Sawmill products (lumber)	.3	1.0	.2	.2	.3	.3	1.1	.9	3.2	4.6
Chemical specialties	1.0	.8	.2	.2	.3	1.0	.9	.5	1.3	1.4
Cotton manufactures	1.1	2.0	.2	.1	.2	1.1	2.2	1.0	.9	.6
Industrial chemicals	.9	2.3	.4	.3	.2	.9	2.5	.9	2.0	1.8
Rubber and manufactures	.8	2.5	.7	.6	.2	.8	2.8	.2	.8	.7
Photographic and projection goods	2.1	1.2	.1	.1	.1	2.1	1.3	.3	1.4	1.7
Pigments, paints, and varnishes	.8	.9	.2	.2	.1	.8	1.0	.6	.7	.3
Raw cotton	8.8	(2)				8.8	.1			
All other United States products	16.5	12.5	5.8	4.9	6.7	16.5	13.5	5.1	16.9	19.1

[1] Does not include printing and bookbinding machinery and office appliances.
[2] Less than one-tenth of 1 percent.

TABLE 4.—*United States Imports of Principal Commodities From British India, 1938 and 1942–44* [1]

Commodity	Value (in thousands of dollars)				Percentage distribution			
	1938	1942	1943	1944	1938	1942	1943	1944
Total	57,968	105,120	125,837	144,898	100.0	100.0	100.0	100.0
Goat and kid skins*	3,739	7,143	8,559	6,502	6.5	6.8	6.8	4.5
Lamb, sheep, goat, and kid skin fur	986	1,483	766	3,138	1.7	1.4	.6	2.2
Rough tanned leather	191	1,163	1,651	2,779	.3	1.1	1.3	1.9
Cashew nuts	3,508	3,502	1,103	8,232	6.1	3.3	.9	5.7
Tea*	3,380	6,286	16,978	17,150	5.8	6.0	13.5	11.8
Celery seed	25	926	428	386	(2)	.9	.3	.3
Ginger root, unground, not prepared or candied	(2)	875		202	(2)	.8		.1
Crude rubber, other than guayule*	685	65		1,109	1.2	.1		.8
Lac, crude, seed, button, and stick	990	2,459	287	2,287	1.7	2.3	.2	1.6
Shellac, unbleached*	1,028	4,983	3,952	7,924	1.8	4.7	3.1	5.5
Kadaya (karaya) and talka	356	1,144	851	1,129	.6	1.1	.7	.8
Cashew-nut-shell oil	[3] 65		797	455	.1		.6	.3
Drugs, herbs, leaves, roots, etc	491	1,255	491	1,235	.8	1.2	.4	.9
Psyllium seed	210	512	238	235	.4	.5	.2	.2
Lemongrass oil	92	990	135	713	.2	.9	.1	.5
Raw cotton, staple length under 1⅛ in	2,039	2,259	1,555	2,488	3.5	2.1	1.2	1.7
Jute and jute butts, unmanufactured*	3,832	8,038	11,355	10,249	6.6	7.6	9.0	7.1
Jute bagging for cotton, gunny cloth, etc., weighing 15 to 32 oz. per sq. yd	533	381	413	350	.9	.4	.3	.2
Jute burlaps, not bleached*	24,765	28,701	48,363	53,059	42.7	27.3	38.4	36.6
Jute bags or sacks*	1,885	3,783	4,168	1,453	3.3	3.6	3.3	1.0
Carpet wool	2,816	3,734	360	3,310	4.9	3.6	.3	2.3
Carpets and rugs	402	521	50	1,040	.7	.5	(2)	.7
Animal hair, unmanufactured	168	1,285	305	673	.3	1.2	.2	.5
Mica, total*	498	6,232	8,621	4,197	.9	5.9	6.9	2.9
Films and splittings	390	4,506	6,075	2,949	.7	4.3	4.8	2.0
Precious stones other than diamonds, cut but not set	[4] 244	855	1,108	1,863	.4	.8	.9	1.3
Manganese ore	237	7,443	6,416	2,446	.4	7.1	5.1	1.7
Ilmenite	1,013	12	34	367	1.7	(2)	(2)	.3
All other imports	3,790	9,090	6,853	9,927	6.5	8.6	5.4	6.9

See footnotes on page 60.

(Continued on p. 60)

In Newfoundland, cordage manufacturing continued at capacity during the first quarter of this year.

Indian exports of manganese in 1944 were valued at 11,200,000 rupees compared with 26,400,000 rupees in 1943.

India's Tariffs and Commercial Policy

(Continued from p. 15)

from 1923 to 1939; that plans for liberalizing and speeding up its activities are irrelevant; that the State, represented by the Planning and Development Department (created in 1944 with Sir Ardeshir Dalal, a coauthor of the Bombay Plan, at its head), should decide at high policy levels the industries to be established and developed, indicate the priorities involved, fix the targets, and insure the fulfillment of its objectives; that no Tariff Board, whatever its expert knowledge, should be permitted to make these decisions; and that the Tariff Board, instead, should be called upon to make recommendations as to the best manner (whether by tariffs, subsidies, or other form of aid) the industries chosen by the Government may be fostered, encouraged, and developed. They urge a permanent Tariff Board with a few highly qualified members, and a strong and efficient secretariat.

Some of the tendencies and views indicated appear to be crystallizing in Government action. One of the bottlenecks of contemplated industrialization will be the procurement of plant equipment. As a war measure, imports have been subject to rigid control in India since May 1940. Exchange control has been strictly enforced since September 1939, with a view to conserving and apportioning exchange for Empire needs, to the best advantage in pursuit of the war effort.

Indications are that import and exchange controls will be maintained in India for an indefinite postwar period for the purpose of concentrating "difficult" exchange on the purchase of capital goods. Imports of capital goods shipped to India subsequent to July 1, 1945, must be registered in advance with the Chief Controller of Imports, India, who, together with the Planning and Development Minister, determines import priorities. This registration has been obligatory for several months as a preliminary condition to obtaining the necessary import license and exchange with which to pay for the goods.

A "Statement of the Future Industrial Policy of the Government of India," issued in the form of a press notice by the Planning and Development Department of the Indian Government on April 21, 1945, gives official status to many of the recommendations hitherto advanced unofficially. It carries the information that the formation of a tariff policy appropriate to the postwar needs and conditions of India is under active consideration; that the subject is one of such complexity that further time will be required to determine a program and to devise machinery for implementing it; and that meanwhile the Government proposes to set up machinery at once for the investigation of the claims for assistance or protection of such industries (which were established on sound lines in wartime and which have helped to sustain the national economy during "an exceptionally difficult period") as are not already

covered by the assurance of postwar protection given to essential wartime industries in an announcement made in 1940. This is described as a short-term measure pending the formulation of permanent machinery for the purpose. Claims for assistance or protection are to be addressed to the Secretary to the Government of India in the Commerce Department.

It is stated that the Government contemplates taking over certain industries in which the tax element is much more predominating than the profit element. Manufacture of salt, which has been a Government monopoly and an important source of Central-Government revenue for many years, is mentioned as an example of such action in the past. This policy appears to be in line with the suggestions of Sir Jeremy Raisman, mentioned in a preceding paragraph.

In connection with speculation concerning the future tariff policy of India, the views of Mr. B. N. Adarkar, Assistant Economic Advisor to the Government of India, and Dr. John Matthai, Indian economist, coauthor of the Bombay Plan, and member of the Indian Tariff Board for 9 years and its president from 1931 to 1934, are of interest because of their dissimilarity in certain respects to more widely expressed opinions.

In a radio broadcast of June 2, 1945, Mr. Adarkar is reported to have stated that the doctrine of isolation or autarchy can hardly be in accord with India's own basic economic needs. Discussing a tendency to regard international trade as of comparatively minor significance to India as compared with domestic trade, he reminded his listeners that industrialization will tend to increase India's dependence on foreign counties; that India now holds a virtual monopoly of several key commodities of world commerce—jute, shellac, and mica—and during the war was an important source of supply in the East for piece goods, iron and steel, sugar, kapok, pepper, and oilseeds; that India must continue to sell its basic commodities abroad; and that industrialization will increase rather than lessen Indian dependence on foreign markets. India must import capital goods, technical skill, and perhaps capital for industrial development; on the export side, primary commodities will steadily lose their relative importance as more are used at home, and manufactured or semimanufactured goods will make up a larger part of the export picture.

Markets for this type of merchandise will lie in undeveloped countries rather than in the countries from which machinery and capital requirements must be imported. India's trade will tend to have more and more of a multilateral character, and the country has no alternative except to seek the solution of its problems along the line of international cooperation and must be prepared to renounce instruments of economic nationalism such as blind protectionism, competitive depreciation of currency, or discriminatory trade arrangements.

In a pamphlet issued by the Oxford Press in 1944, Dr. John Matthai discusses the role of tariffs as a means of assisting the development of industries in postwar India. He acknowledges the "substantial success" which has attended the policy of "discriminating protection" followed by the Government of India since 1923, and agrees that industrialization is of the utmost importance to India and that the tariff policy of the country should be determined by the need for rapid industrialization. However, he believes that tariff protection will be less important in the economy of India during the next few years than it has been in the past. The long period of reconstruction and of war-induced scarcities which will follow the cessation of hostilities will largely eliminate foreign competition in manufactured goods, and the demand for consumers' as well as capital goods will outstrip supply, with the result that the problem for existing industries in all countries will be one of meeting demand rather than restricting supply to avoid overproduction and uneconomic competition. Assistance which Indian industries will require from the State during this period, Dr. Matthai feels, will be direct help in such matters as financing capital requirements or scientific research rather than the kind of indirect assistance which protective tariffs afford.

As a result of any large scheme of industrial planning which may be adopted, Dr. Matthai envisions India as a net importing country for a generation. During that period consumer goods will be in the category of commodities requiring special tariff treatment; and the need for such treatment will not arise from protective considerations. Rather, the necessity for special tariff treatment will spring from the importance of conserving exchange resources, as far as possible, for the purchase of plant and machinery for the building of heavy industries.

The primary consideration in any scheme of industrial planning for India, he holds, is the establishment of those key industries which are indispensable to further industrial development and without which no real progress can be achieved. After these industries have been started, the position will be reversed, and capital goods will replace consumer goods in the schedule of commodities requiring special tariff treatment. Protective measures for their maintenance against foreign competition will then be of the utmost national importance.

Three possible stages, Dr. Matthai believes, may be distinguished in the development of Indian trade policy after the war. During the immediate postwar years, it will not be necessary to adopt a policy involving other than a moderate restriction of imports of consumers' as well as capital goods. Later, while a large-scale industrial plan is under way, its successful prosecution will call for a policy of high tariffs or similar restrictive measures for consumer goods and a policy of low tariffs and generally free trade in capital goods. Finally in the third stage, when the more essential industries envisaged in the plan have been established, the weight of restrictive measures will be shifted from consumer to capital goods. Dr. Matthai feels that restrictions in the case of capital goods, if enforced by means of high import duties, will lay a heavy burden on all industries, and that other measures of protection will have to be devised for the assistance of the Indian industries that produce them.

Dr. Matthai emphasizes the fact that the trend of progressive world thought is definitely opposed to a perpetuation of barriers to international trade, on the ground that a world economy based on an expansionist rather than on a contractionist outlook on trade is best for all countries in the long run. Even during a period when the upbuilding of key industries requires protective measures for their maintenance against foreign competition, he feels that India can subscribe to these views, subject to suitable adjustments for safeguarding its interests. He feels that India must be prepared to respond to any reasonable appeal for economic cooperation with other countries and warns that "a free India cannot return a blank negative without damaging her position in the eyes of the rest of the world and without ultimately stultifying herself."

Hides and Skins in India

(Continued from p. 20)

slaughter in military abattoirs and other slaughterhouses supplying meats to the armed forces. The increased military personnel being maintained in or near India during the war years has necessitated obtaining larger meat supplies from this source—which in turn resulted in increased kill.

Although there has also been an increase in activity of some of the meat-dehydrating plants, the rate of kill in these has not advanced to the same extent as in the establishments already mentioned. No pertinent statistics can be obtained even to indicate the volume of slaughter in the various establishments, although trade sources estimate that the private and public abattoirs, including dehydrating plants, slaughtered about 20 percent more animals in 1944 than they did in 1939.

Religious restrictions had a direct effect on the farm and country kill of livestock in India, with much of such activity in the hands of Mohammedans. They also operate most of the abattoirs scattered throughout India except for those owned or staffed by foreign skilled technicians. Country and farm kill declined during the 5-year period in which the slaughter in the establishments increased, but the proportion of the drop was not as great as the rise.

It is impossible to obtain statistics covering the over-all animal slaughter in India. Lack of reporting requirements for the establishments (such as exist in many other countries), the size of the territory, the large number of slaughterhouses scattered throughout the country, and the rather substantial kill on farms makes collection of such information exceedingly difficult.

Enhanced purchasing power has resulted in an increased demand for meat on the part of India's population during the war years. This and the substantial sales of meat to the armed forces has

been responsible for the increase in hide and skin production during the past 5 years. Most of the increased demand for meat by the Indians occurred in the cities and larger towns as well as those areas located near large concentrations of troops.

Based on trade estimates and export statistics the following table indicates the volume of hide and skin production in India during the years 1939 and 1944:

Indian Hide and Skin Production During 1939 and 1944

Kind	1939	1944
Cattle (including kip)	11,815,150	12,667,800
Calves	1,375,400	2,005,445
Buffalo	1,822,990	1,635,240
Buffalo calves	679,810	803,760
Goat and kid	35,773,810	37,110,700
Sheep and lambs	16,873,600	18,510,360

War's Effect on Distribution

War activity has had many direct and indirect effects on the distribution of Indian hide and skin supplies. Most important of these was the increase in domestic consumption owing to the larger civilian and military leather consumption. There were several other factors which also adversely affected the exports of hides and skins. Included with these were upset internal transportation conditions during late 1943 and early 1944 which made it difficult to deliver merchandise at the seaports, as well as a tight shipping situation which resulted in space being at a premium for a considerable period, although this situation has eased considerably since early 1945.

Keener foreign and domestic competition for the available supplies of Indian hides and skins resulted in some advance in prices in recent years. This in turn attracted speculators to the trade who frequently held important quantities of hides and skins from the open market. Several who held large supplies of skins have been and still are reluctant to release these to the open market. They believe that they are in a more advantageous position in holding the materials than in selling them for cash. It is the opinion of many observers that even offer of higher prices would not bring such supplies to the market at the present time.

Other Types Available

A wide range of hides and skins other than the staple types already mentioned are also available in India. Neither official data nor reliable estimates are available to show the annual supply of these, but the quantity is reported to be considerable. Included in these types are snake, alligator, lizard, crocodile, deer, and a few other varieties. Domestic consumption of these is quite small, and almost the entire supply is exported. The quantities of these skins brought to the various markets often depend upon the prices offered. When the quotations are low, supplies dwindle; but when prices are high, hunters increase their activities and all available skins are brought to market. Since the reptiles or animals from which such skins are obtained are hunted solely for their skins, it is difficult to understand the importance of prices in relation to supply.

Recent estimates indicate that approximately $3,000,000 worth of these skins are exported annually from India. Although these shipments have a fairly wide distribution on world markets, most of the trade is with the United States and the United Kingdom. It is quite possible that higher prices will bring about an increased supply of these skins from India in the immediate postwar years.

U. S. Trade With India—

(Continued from p. 58)

Commodity	Quantity				Percentage of total United States imports			
	1938	1942	1943	1944	1938	1942	1943	1944
Goat and kid skins, 1,000 pieces	9,712	16,239	20,408	14,320	32.4	44.2	57.6	49.1
Lamb, sheep, goat, and kid skin furs, thousands	445	1,286	728	1,919	9.3	13.6	11.4	14.4
Rough tanned leather, 1,000 lbs	243	1,750	2,347	3,340	74.3	42.4	78.1	75.8
Cashew nuts, do	26,007*	15,426	2,893	13,967	99.8	99.0	87.2	91.7
Tea, do	12,173	17,276	55,553	54,262	15.0	34.9	62.4	60.1
Celery seed, do	296	4,216	2,530	2,628	28.8	99.7	100.0	100.0
Ginger root, unground, not prepared or candied, 1,000 lbs	6	6,039	.....	1,224	.9	82.7	.....	36.6
Crude rubber, other than guayule, do	4,736	380	.....	3,360	.5	.1	.....	1.4
Lac, crude, seed, button, and stick, do	15,131	10,581	1,172	9,577	99.8	99.2	100.0	100.0
Shellac, unbleached, do	11,946	19,845	13,660	27,340	96.5	100.0	100.0	100.0
Kadaya (karaya) and talka, do	3,761	8,920	5,928	6,964	78.2	99.5	99.4	100.0
Cashew-nut-shell oil, do	1,585	.....	6,166	3,843	100.0	.....	97.1	90.5
Drugs, herbs, leaves, roots, etc, do	5,483	12,815	5,071	4,973	5.0	19.2	12.6	6.1
Psyllium seed, do	1,819	3,134	1,033	1,172	69.0	98.6	99.0	100.0
Lemongrass oil, do	288	491	178	812	87.8	67.4	43.1	78.9
Raw cotton, staple length under 1⅛ inches, do	24,346	31,361	12,131	19,712	33.7	72.3	55.8	61.1
Jute and jute butts, unmanufactured, long tons	45,437	52,753	77,678	63,845	99.7	92.2	96.3	100.0
Jute bagging for cotton, gunny cloth, etc., weighing 15 to 32 oz. per sq. yd., 1,000 sq. yds.	11,359	13,056	10,986	5,637	91.6	93.6	93.8	84.1
Jute burlaps, not bleached, 1,000 lbs	460,362	240,223	405,250	396,243	91.3	94.7	99.3	99.1
Jute bags or sacks, do	42,770	46,428	43,698	12,809	99.0	97.9	99.7	95.4
Carpet wool, 1,000 lbs.[5]	10,592	9,448	1,082	8,642	21.1	16.9	12.6	34.9
Carpets and rugs, 1,000 sq. ft	3,952	5,992	96	7,748	40.8	65.8	9.2	73.3
Animal hair, unmanufactured, 1,000 lbs	1,146	6,480	1,219	3,249	12.8	40.0	13.6	26.3
Mica, total, do	8,280	13,166	12,349	4,351	71.9	58.5	57.8	30.2
Films and splittings, do	1,723	12,044	10,466	3,029	87.1	89.2	96.0	74.6
Precious stones, other than diamonds, cut but not set, 1,000 lbs								
Manganese ore, do[6]	29,390	502,932	548,143	222,240	5.4	39.7	40.0	20.1
Ilmenite, do	468,205	2,330	17,920	124,132	99.9	16.1	12.0	59.2

[1] Imports for consumption 1938; general imports 1942–44.
[2] Less than one-tenth of 1 percent.
[3] Includes cashew-nut oil.
[4] Includes semiprecious stones, cut but not set.
[5] Clean content.
[6] Manganese content.
*See footnote 2 on page 16.

News by COUNTRIES

(Continued from p. 39)

dollars were extended during the quarter to all currencies convertible into gold, sterling, or dollars. These rates represent an increase over the official quotation of 40 percent in the purchase of Turkish export products and 48 percent in payment for imports into Turkey. For example, an importer in the United States of Turkish products would receive a rate of 1.82 Turkish pounds for the dollar instead of the official rate of 1.3056, whereas an importer in Turkey of United States products would pay 1.93 Turkish pounds for the dollar thus giving the Turkish pounds an effective rate of $0.55 for exports and $0.52 for imports as compared with the prevailing official rate of $0.766 for the Turkish pound. Because of administrative difficulties, American importers have apparently failed to receive the special rates in a number of instances.

Exchange Supply Improves; Note Circulation Up

The previous downward trend in the supply of dollar exchange was checked during the quarter as a result of heavy sales of tobacco to the United States. According to the statement of the Central Bank of Turkey, gold held abroad rose about 3 percent during the quarter to some 172,000,000 Turkish pounds, while the net foreign exchange credits advanced to 58,520,000 at the end of March from 35,191,075 Turkish pounds at the close of 1944. The gold supply in Turkey was practically unchanged at 109,240,000 Turkish pounds. Foreign exchange remained under strict official control.

Note circulation increased to record levels during the quarter, amounting to 974,032,000 Turkish pounds (after reaching 978,156,000) on March 31, 1945, as compared with 963,981,387 at the end of December 1944. The metal cover totaled 281,300,000 Turkish pounds, or 28.8 percent, and 276,381,730, or 28.7 percent, respectively.

Budget Larger

Budget estimates for the 7-month period ending December 1945, as presented to the Grand National Assembly by the Minister of Finance, anticipate expenditures of 595,834,898 Turkish pounds (of which 224,407,099 are extraordinary) and revenues of 530,233,000 pounds. The proposed expenditures are 7 percent higher than for the comparable period of 1944, whereas the revenues are somewhat less, as a result of reduced income from export trade, including cancela-

tion of export taxes on figs and raisins. Revenues are are expected to cover 89 percent of expenditures as contrasted with 95 percent a year ago, the remainder to be obtained by State loans. The present budget is a preliminary step toward the adoption of a new fiscal period to correspond to the calendar year.

BOND ISSUES OVERSUBSCRIBED

Two Government bond issues were placed on the market early in the quarter and were promptly oversubscribed. These included the third issue in a series of National Defense bonds, totaling 35,000,000 Turkish pounds, and the fourth issue of the railway bond series, amounting to £T10,000,000; the former was floated to provide revenue for extraordinary national defense expenditures, and the latter to cover the cost of construction of railway lines connecting parts of Turkey with the frontiers of Iran and Iraq.

TRANSPORT

Progress on railroad and road construction projects was slowed up during the quarter by severe weather, which also hampered operations of all forms of transport.

Resumption of normal coastal traffic, a major form of transport in Turkey, is expected to ease materially the overburdened land facilities. Coastwise service was previously restricted due to the war. The reopening during the quarter of Istanbul and Izmir, principal ports for foreign trade, is also expected to help the general transportation situation. These ports were not available during the European war period for commerce with the United Nations, which was handled principally by southern Turkish ports, chiefly Iskenderun.

[The above review is based on a report from Commercial Attaché Edward B. Lawson, Ankara.]

United Kingdom

Wartime Commodity Controls

Control of Tires Relaxed.—The Director of Tires in London announced the abolition of controls, effective June 1, on the following tires: Partly worn and retreaded motorcar and taxi-sized tires and both new and partly worn tubes, thus enabling anyone to purchase such tires and tubes through normal trade channels. Control was also relaxed on retreading motorcar and taxi-sized tires, so that the owner may have them retreaded wherever he wishes. The order which required certain returns to be furnished on laid-up motor vehicles and trailers was also revoked.

The Director of Tires retains control of new motorcar and taxi-sized tires and of all types of giant tires, whether new, partly worn, or retreaded.

Exchange and Finance

American Accounts Created to Embrace Former Central American Accounts and United States Registered Accounts: The British Treasury issued the following statement on June 30:

the close of business on June 30, 1945, the sterling accounts of residents in the United States, the Philippine Islands, and dependencies of the United States, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Salvador, Venezuela will be known as 'American accounts.' Sterling on these accounts will be freely available for transfer to any other 'American account' and for payments to residents in the sterling area, including payments for exports from the United Kingdom to the above territories.

"The arrangements heretofore in force regarding 'Central American accounts' and 'United States registered accounts' will no longer apply. Holders of 'United States registered accounts' have the option until September 30, 1945, to remit the balance as at the close of business on June 30 in United States dollars at the rate of 4.02½ (subject to banking charges).

"Swiss registered account arrangements are also being modified and all sterling accounts of residents in Switzerland and Liechtenstein will in future be known as 'Swiss accounts.' Holders of 'Swiss registered accounts' have the option until September 30, 1945, to remit the balance as at the close of business on June 30 in Swiss francs at the rate of 17.30 (subject to banking charges)."

The following note accompanied the release of the above statement:

"The 'registered' account system by which the Bank of England undertook as regards each individual holder of a United States registered account or of a Swiss registered account to convert the balance on the account on demand into dollars or Swiss francs respectively at stated rates was a temporary wartime arrangement.

"The system was introduced in 1940 when the general outlook for the United Kingdom under the threat of invasion and the difficulties of financial and commercial intercourse necessitated such expedients.

"With the end of the war in Europe such emergency arrangements are no longer appropriate, simpler and more normal methods being clearly called for.

"The new 'American account' and 'Swiss account' procedure has accordingly been introduced and is a natural step in a series of adjustments to more normal conditions. It involves no change of policy and has no implications whatever for the future of the sterling-dollar rate.

"This opportunity has been taken however to remove some of the restrictions affecting the use of sterling and in future holders of sterling accounts in Central America will be able to deal in the New York market. Central America sterling accounts will become 'American accounts.'"

Transport and Communication

Postwar Aviation Plans.—The Society of British Aircraft Constructers is forming an export section and will send trade "ambassadors" overseas to watch the aircraft market, according to the British press. It is proposed to establish offices in Latin America, India, the Middle and Far East, and the Dominions.

In view of the importance which air communications will have for the export trade of Lancashire, the air transport committee of the Manchester Chamber of Commerce recently asked the Minister for Civil Aviation to provide direct services from Manchester to countries on the continent with which that textile manufacturing center did business and with which it hopes to trade after the war, the report states.

British Latin American Airlines (BLAIR) will within 6 months operate all British air service to South America in accordance with the terms of the British White Paper, it is reported in the foreign press.

The report states that the company intends to operate British airplanes on a route of 7,000 miles via Lisbon, Bathurst, Natal, Rio de Janeiro, Montevideo, and Buenos Aires. The trip from Southhampton to Buenos Aires will, it is said, require 2½ days. The service will be weekly at first but later on will be increased to three trips a week. The service will be coordinated with the internal lines of Great Britain and Latin America.

Trade Opportunity: Steel Pipes for India

The Chief Engineer for Electricity, Government of Madras, India, wishes to purchase steel pipes in the United States for the final-stage extension to the Pykara Hydroelectric Development.

Requirements in addition to valves, meters, and Y connection include the following pipes:

3,100-foot length of 42 inch internal diameter welded steel penstock pipes including bends, angle rings, clamps and holding-down bolts, expansion joints, saddle plates, etc., and all other necessary accessories—weighing 650 tons, nearly.

5,910-foot length of 39 inch internal diameter banded steel penstock pipes including bends, angle rings, clamps and H. D. bolts, expansion joints, saddle plates, etc., and all other necessary accessories—weighing 2,300 tons, nearly.

210-foot length (per line) of 26 inch internal diameter banded steel penstock pipes including clamps and H. D. bolts, expansion joints, saddle plates, etc., and all other necessary accessories for each of the two distributaries—weighing for both lines 110 tons, nearly.

All pipe to be suitable for a high-head of 3,100 feet. Delivery by early 1946 will be satisfactory.

A copy of Specification No. C. 223/A and Layout of Penstock (Plan No. P. E. (F) 3) are on file in the office of the Metals and Minerals Unit, Bureau of Foreign and Domestic Commerce, Washington 25, D. C. Interested persons may obtain them on loan for 10 days.

New Books and Reports

★The following publications, added to the Department's research facilities, through the courtesy of the authors and publishers, are listed as a service to businessmen. *Please note:* The Department has no copies of private publications for distribution and cannot be responsible for their content. For private publications, write direct to the publishing agency given in each case.

Articles of interest to businessmen appearing in the Department of State Bulletin, July 1, 1945:

Copies of this publication, which is issued weekly by the Department of State, may be obtained from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., for the price of 10 cents each; subscription price, $3.50 a year. The July 1 issue contains these articles:

UNITED NATIONS CONFERENCE.

SECURITY AGAINST RENEWED GERMAN AGGRESSION. Statement by Assistant Secretary Clayton.

THE COMBINED BOARDS. By Courtney C. Brown.

CONCERNING 99-YEAR LEASE ON AREAS IN NEWFOUNDLAND.

SURVEY OF NEEDS OF DISPLACED PERSONS.

ARRANGEMENTS FOR RECRUITMENT OF COMMISSIONED FOREIGN SERVICE OFFICERS.

DETENTION OF JAPANESE OFFICIALS.

TRAINING CHILEAN STUDENTS IN THE UNITED STATES.

Other Publications

MONTHLY SUMMARY OF FOREIGN COMMERCE OF THE UNITED STATES. Bureau of the Census. 1945. 47 pp. Price, 15 cents a copy. General distribution of the monthly summary of statistics of foreign commerce of the United States has been resumed with this issue covering January 1942.

Available from: Bureau of the Census, Washington 25, D. C.

FOREIGN COMMERCE AND NAVIGATION OF THE UNITED STATES. Bureau of the Census. 1945. 12 pp. A pamphlet explaining the statistics of foreign commerce and navigation of the United States.

Available gratis from: Bureau of the Census, Washington 25, D. C.

ECONOMIC CONTROLS AND COMMERCIAL POLICY IN BRAZIL. United States Tariff Commission. 1945. 49 pp. One of a series of reports on economic controls and commercial policy in the American Republics.

Available gratis from: United States Tariff Commission, Washington 25, D. C.

MINING AND MANUFACTURING INDUSTRIES IN BRAZIL. United States Tariff Commission. 1945. 74 pp. One of a series of reports on mining and manufacturing industries in the American Republics.

Available gratis from: United States Tariff Commission, Washington 25, D. C.

AMERICA: PARTNER IN WORLD RULE. William Henry Chamberlin. 1945. 318 pp. Price, $3. This book covers the problems entailed by America's participation in world rule, which appears to the author as inevitable, at the termination of the present war.

Available from: Vanguard Press, 424 Madison Avenue, New York, N. Y.

INTERNATIONAL TRADE, FOREIGN INVESTMENT AND DOMESTIC EMPLOYMENT, INCLUDING BRETTON WOODS PROPOSALS. Research Committee, C. E. D. 1945. 28 pp. A statement on national policy by the Research Committee.

Available from: Research Committee, Committee for Economic Development, 285 Madison Avenue, New York 17, N. Y.

THE RECONSTRUCTION OF WORLD AGRICULTURE. Karl Brandt. 1945. 416 pp. Price, $4. This book describes the changes that war has forced upon agriculture and outlines policies for the era of peace.

Available from: W. W. Norton & Co., Inc., 70 Fifth Avenue, New York 11, N. Y.

JAPANESE MILITARISM—ITS CAUSE AND CURE. John M. Maki. 1945. 258 pp. Price, $3. The ideas of the Japanese political, economic, and military oligarchies are discussed in this book, which holds up to the light of intelligent analysis the nature of the Japanese state and of the ideological influences that have made the Japanese people what they are.

Available from: Alfred A. Knopf, Inc., 501 Madison Avenue, New York 22, N. Y.

Latin American Exchange Rates

NOTE.—Averages are based on actual selling rates for sight drafts on New York, in units of foreign currency, per dollar, with the following exception: Cuba—United States dollar to the peso. The peso of the Dominican Republic, the Guatemalan quetzal, and the Panamanian balboa are linked to the dollar at 1 to 1; the Haitian gourde is fixed at 5 gourdes to a dollar.

Country	Unit quoted	Type of exchange	Average rate			Latest available quotation		
			1943 (annual)	1944 (annual)	April 1945 (monthly)	Rate	Approximate equivalent in U. S. currency	Date
Argentina	Paper peso	Official A	3.73	3.73	3.73	3.73	$0.2681	Apr. 30, 1945
		Official B	4.23	4.23	4.23	4.23	.2364	Do.
		Bid	4.94	4.94	4.94	4.94	.2024	Do.
		Free market	4.06	4.03	4.04	4.05	.2469	Do.
Bolivia	Boliviano	Controlled	42.91	42.42	42.42	42.42	.0236	May 31, 1945
		Curb	45.42	51.80	58.00	58.00	.0172	Do.
Brazil	Cruzeiro [1]	Official	16.50	16.50	16.50	16.50	.0606	Apr. 30, 1945
		Free market	19.63	19.57	19.50	19.50	.0513	Do.
		Special free market	20.43	20.20	20.00	20.00	.0500	Do.
Chile	Peso	Special	19.37	19.37	19.37	19.37	.0516	May 31, 1945
		Export draft	25.00	25.00	25.00	25.00	.0400	Do.
		Free market	32.37	31.85	32.26	32.98	.0303	Do.
		"D. P." [2]	31.00	31.00	31.00	31.00	.0323	Do.
Colombia	do	Commercial bank	1.75	1.75	1.75	1.746	.5727	Apr. 30, 1945
		Bank of Republic	1.76	1.76	1.76	1.755	.5698	Do.
		Curb	1.76	1.75	1.83	1.835	.5450	Do.
Costa Rica	Colon	Uncontrolled	5.65	5.66	5.66	5.66	.1767	Do.
		Controlled	5.62	5.62	5.62	5.62	.1779	Do.
Cuba	Peso	Free	1.00	1.00	1.00	1.00	1.0000	May 31, 1945
Ecuador	Sucre	Central Bank (official)	14.10	14.06	13.77	[3] 13.77	.0726	Do.
Honduras	Lempira	Official	2.04	2.04	2.04	2.04	.4902	Do.
Mexico	Peso	Free	4.85	4.85	4.85	4.85	.2062	Do.
Nicaragua	Cordoba	Official	5.00	5.00	5.00	5.00	.2000	June 23, 1945
		Curb	5.16	5.72	7.18	7.29	.1372	Do.
Paraguay	Paper peso	Official	333.00					
	Guarani [4]	do	3.10	3.11	3.12	3.12	.3205	May 19, 1945
Peru	Sol	Free	6.50	6.50	6.50	6.50	.1538	Apr. 30, 1945
Salvador	Colon	do	2.50	2.50	2.50	2.50	.4000	Do.
Uruguay	Peso	Controlled	1.90	1.90	1.90	1.90	.5263	June 30, 1945
		Free	1.90	1.90	1.90	1.90	.5263	Do.
Venezuela	Bolivar	Controlled	3.35	3.35	3.35	3.35	.2985	May 31, 1945
		Free	3.35	3.35	3.35	3.35	.2985	Do.

[1] Under law of Oct. 6, 1942, the cruzeiro became the unit of currency, replacing the milreis. Since November 1942, exchange quotations have been in terms of cruzeiros and centavos to the dollar.
[2] Disponibillidades proprias (private funds).
[3] Used until Nov. 7, when the paper peso was replaced by the guarani.
[4] New currency unit instituted as of Nov. 8, 1943. Paraguayan central bank establishes a "legal rate" from which buying and selling rates may vary by 1 percent. Since July 13, 1944, the legal rate has been fixed at 3.09 guaranies to the dollar, resulting in buying and selling rates of 3.059 and 3.121, respectively.
[5] A decree of Nov. 18, 1944, fixed basic central bank buying and selling rates at 13.40 and 13.50 sucres to the dollar, respectively, but the imposition at the same time of a 2 percent charge on all exchange transactions has resulted in effective buying and selling rates of 13.132 and 13.77.

NOTE.—Special rates apply to automotive equipment and agricultural machinery imported from the United States into Argentina.

During November 1944, Cuban imports of perfumes, lotions, and essential oils from the United States amounted to 21 metric tons, valued at $139,000.

In the first 3 months of 1945 Canada exported raw furs valued at $9,091,000, as compared with $10,845,000 worth in the corresponding months of 1944.

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Contributors' Column

Walter A. Janssen ("India's Mineral Resources").—Born Davenport, Iowa. Entered the iron and steel industry upon being graduated from the University of Wisconsin and was actively engaged therein for 20 years both in this country and abroad. Thereafter he was engaged as consulting engineer by various mining and metallurgical interests devoted to ferrous, nonferrous, and nonmetallic products. This service included the development and production of rare metals for the export trade. During the National Recovery Administration he was Deputy Administrator in charge of 64 mining and quarrying codes. With the termination of the NRA he returned to consulting practice until 1938 when he was appointed to his present position as Chief of the Metals and Minerals Unit, Bureau of Foreign and Domestic Commerce. Because of his experience in the field of metals and minerals he has been named as consultant by several of the war agencies.

D. A. Kearns-Preston, Jr. ("India's Economy—Now and Tomorrow" and "India's Industrial Policy").—Born at Springfield, Ohio. Educated in public schools in Ohio, Indiana, and Illinois. B. S. degree in education, University of Illinois, 1933. Taught 1933–36 in Allahabad Christian College, Allahabad, United Provinces, India. Taught 1938–40 at Mitchell College, and served the same institution 1940–42 as Director of Public Relations. Did promotional work for Davidson College 1942–43, before coming in July 1943 to the Bureau of Foreign and Domestic Commerce, where he is Chief of the India Section of the British Empire Unit.

Dorothy V. Knibb ("Indian Market for U. S. Machinery").—Born at Sabot, Va. Graduate of Westhampton College, University of Richmond; elected to Mortar Board Society; studied at University of Virginia. Traveled in Europe, Hawaii, Japan, and Philippine Islands; teacher in American school, Shanghai, China; evacuated from Far East December 1940. Teacher of English, Scotch Plains High School, Scotch Plains, N. J. Joined the Industrial Projects Unit, Bureau of Foreign and Domestic Commerce, November 15, 1943.

Clayton Lane ("India in This Era of Transition").—Born in Guthrie Center, Iowa. Attended Simpson Academy; A. B. and graduate work at University of California. Bank clerk; mining and cattle business; United States Navy; American merchant marine. Associate Professor of Finance and International Relations, St. Mary's College, Oakland, Calif.; lecturer on European and Far Eastern Economics, Georgetown School of Foreign Service. Assistant chief and acting chief of divisions in Bureau of Foreign and Domestic Commerce, 1925–27 and 1935–37. Trade commissioner at Vienna and Berlin, 1927–28; commercial attaché, Warsaw, 1928; trade commissioner, Johannesburg, and commercial attaché, Pretoria, 1937; consul at Calcutta, 1941–43. Director of War Economic Operations, 1943–44; in charge American Missions, New Delhi, November 1944 to February 1945.

Mary C. Moir ("India's Tariffs and Commercial Policy").—A. B. Trinity College, Washington, D. C. Post-graduate studies George Washington University. Studied also at the Pace School of Accounting and the Berlitz School of Languages. Employed in Bureau of Internal Revenue, 1917–22, Child Labor Tax Division, as field agent in various States. Later engaged in special surveys in cost of living and similar subjects for United States Coal Commission and other agencies. Entered Bureau of Foreign and Domestic Commerce as regional tariff expert in Foreign Tariffs Division in March 1935. Worked on French and French-colonial tariffs and trade agreements between the United States and France. Transferred to British Empire Unit as economic analyst.

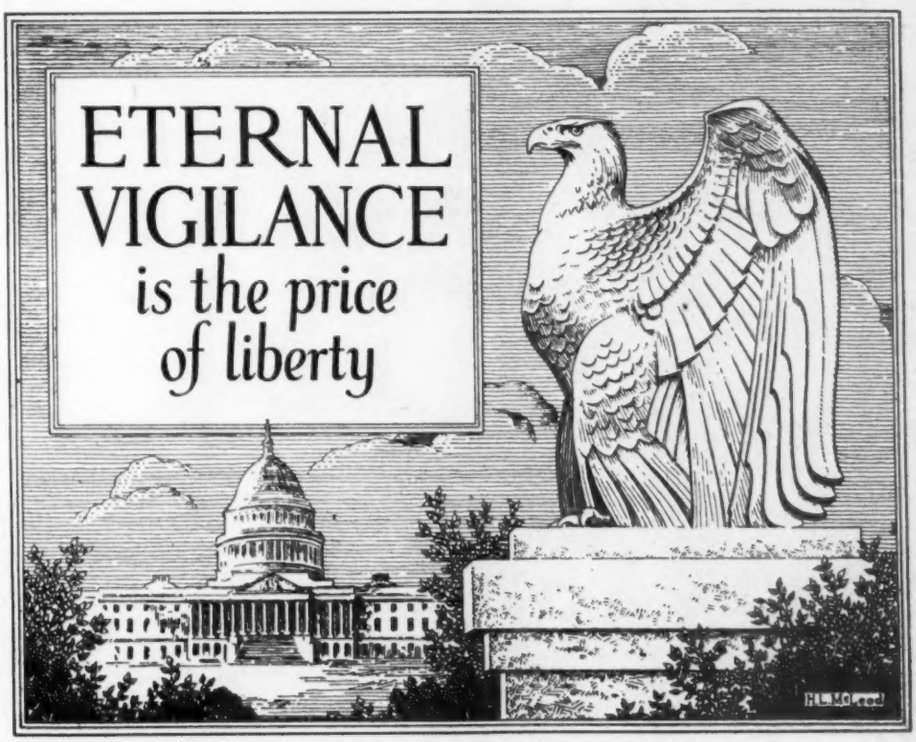
Julius G. Schnitzer ("Hides and Skins in India").—Born in Prague, Czechoslovakia. Elementary education in public school at Yonkers, N. Y., and Birmingham, Ala. Attended George Washington University Law School and School of Foreign Service of Georgetown University in Washington, D. C. With United States Army in France from September 1917 to November 1918. Engaged in newspaper reporting and shoe retailing from 1919 to 1923. With Bureau of Foreign and Domestic Commerce since May 1923. For past 18 years has been engaged in covering the leather, shoe, and allied industries. Now Chief of the Bureau's Leather Unit. Author of numerous publications covering several branches of the leather industries, and contributor to trade and other periodicals on similar subjects. Included among the publications compiled are "Leather Footwear—World Production and International Trade," "Boot and Shoe Industry of the United States," and "Make It of Leather." Regular contributor to Britannica Book of the Year. Compiles regular reports on leather industries.

Grace A. Witherow ("U. S. Trade With India").—Born in Adams County, Pa. Attended Massanutten Academy, Woodstock Va.; special work at Johns Hopkins University, George Washington University, and American University. With the Bureau of Foreign and Domestic Commerce as foreign-trade analyst since 1923. Responsible for the annual bulletin of the Department of Commerce, "Summary of Foreign Trade of the United States," since 1929. Member of the American Statistical Association and of the League of American Pen Women.

Canada Disbands "Veneer Log Supply"

Hardwood aircraft veneer logs in Canada are now free from restrictions on use and distribution, and Veneer Log Supply, Ltd., a Crown company, is being disbanded, according to an announcement by the Munitions Minister.

The company was established in 1942 to inspect, purchase, and allocate birch and maple veneer logs of aircraft quality for Canadian veneer and plywood mills and the British Ministry of Supply. In the 1942–43 season, 14,810,570 feet of hardwood veneer logs were shipped by the company, 7,147,560 feet going to the United Kingdom; in the 1943–44 season, shipments totaled 15,253,500 feet, of which 6,151,710 went to the United Kingdom.



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U. S. GOVERNMENT PRINTING OFFICE: 1945